THE FINANCIAL POST

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FILE COPY

MUST TAKE STEPS TO ASSURE FULL ACREAGE IN WEST

Gov. Assistance Through Banks and Established Loan Companies

OPTIMISM REVIVES

Year-end Trade in Saskatchewan of Same Volume as 1920—Necessity of Tax Adjustment

On the basis of resolutions passed by some of the local councils of the United Farmers of Alberta, preliminary to the annual convention to be held in Calgary this month, reports have been sent out which, while no doubt describing correctly the local conditions in the localities to which they refer, may in the sum total paint the picture more darkly than the actual circumstances warrant. That financial conditions are bad in the West following the collapse of prices for farm products and an unsatisfactory harvest with high costs for labor needs hardly to be repeated and these conditions are aggravated in Southern Alberta, particularly where there have been burned out areas with no crops for several years. But in Northern Alberta and a large area of Saskatchewan, while conditions are far from good, there are evidences of a return of an optimism tempered with determination indicating that the West will carry on in the hope that the crop of the coming season will relieve the situation.

But it is highly important, according to the best information reaching THE FINANCIAL POST, that steps be taken to insure that finances are advanced to those farmers who have reached the end of their financial tether in order that they may put in another crop. Many suggestions have been made but those who have closely studied the situation are of the opinion that what is necessary is government assistance and that the most efficient way in which to administer this is through the banks and the established loaning agencies. The bank managers and the representatives of the loan companies are naturally closely in touch with the conditions affecting those to whom they have made loans and are in a position to judge as to the extent of credit to which they are entitled. Unless something of the kind is done there will be a greatly reduced acreage, spreading weeds and the exodus from the country will be given added impetus.

Conditions in Saskatchewan

Reports from Saskatchewan indicate that a better tone is prevailing. Wholesale and retail business houses in the three principal Saskatchewan cities declare that the volume of year-end business was approximately the same as in 1920-21.

Agricultural implement firms, seed companies and certain vendors of luxuries, are the only exceptions to the generally normal condition. In rural communities, farmers are suffering somewhat from cash shortage due to low grain prices and the late fall rains which reduced grades.

Prices for spring delivery are in more or less of a state of flux at the present moment and directors of the various firms which cater almost exclusively to those engaged in the various phases of the agricultural industry, state that a stabilization of prices cannot be looked for until the seed fairs have been completed in the various cities of Alberta, Saskatchewan and Manitoba, and until preparations are made for financing crop operations.

Very small quantities of good farm land have been thrown on the market since the harvest season of 1921 and real estate operators profess to see the bright side of the business cloud in this fact. They declare that the absence of first class farming land from the market at sacrifice prices is a certain indication that agriculturists have been able to weather the adverse conditions. Prophecy is made for a return of really active business as soon as farming operations are resumed in the spring.

Solving Tax Difficulty

In his annual address Sir Edmund Walker, president of the Canadian Bank of Commerce, emphasized the necessity of some other form of taxation if industry were not to be starved from want of capital through the excessive encroachments of the income and excess profits taxes. These taxes in their application are destructive in their effect. They are not only unfair, but tend to direct capital away

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WHAT FORD'S TAXES MIGHT HAVE DONE

Barron's Weekly

$75,000,000 for taxes paid by Henry Ford in a single year should raise many questions in the minds of thoughtful people.

$75,000,000 in Mr. Ford's hands might have redeemed the government's bad investment in the Muscle Shoals nitrate plant.

$75,000,000 in Ford's hands instead of taxes might have made both motors and fertilizers cheaper for the farmer.

$75,000,000 in taxes might have had something to do with the closing of the Ford works a year ago and the sending of Edsel Ford to Wall Street to learn the terms on which $75,000,000 could be borrowed.

MORTGAGE DISCOUNTS CHANGES DIRECTORS

Two Former Members of Board Are Dropped and Replaced

At the annual meeting of Mortgage Discount and Finance Ltd. two of the former directors were dropped from the board and replaced by two new directors. The retiring directors were Frank O. Tidy and W. W. McBain.

The change in the personnel of the directorate is taken to mean that there has been a further widening of the breach between the company and its former fiscal agents, the R. T. Scott Company.

The company has been meeting with much success, the shareholders were told. The directors elected were:

The following directors were elected: Sir John Willison, President; Major-General Sir David Watson, First Vice-President; J. T. White, K.C., Second Vice-President; George R. Griffin, General Manager; Hon. Frank Carrel, T. Louis Monahan, A. F. Healy, Arthur G. Slaght and Dr. W. P. St. Charles.

A CUT EXPECTED IN AUTO PRICES

Ten American Makers Expected to Reduce Figures Shortly

From Our Own Correspondent

NEW YORK.—A steady falling off in demand and severe competition will compel at least ten more automobile manufacturers to announce price cuts within the next two or three weeks, according to information gathered here within the last few days. Cuts it is said will be made by three producers of high-priced cars, five in the medium priced field and two whose cars are classed as low-priced. It is also said that these cuts will mark a general leveling of present prices which will take place between now and the spring. While several of the manufacturers may hold their announcements of cuts over until after the close of the various automobile shows to be held this month, practically all the manufacturers it is believed here will have fallen into line before March. In spite of the emphatic denials of the officials of the Ford Company it is even believed they too will be compelled to make cuts.

Business is smaller at present than at any time during the past ten months and these price cuts will be tangible proofs of this fact. The little business that is being done is going to the companies with the lowest prices. Competition is therefore keen and the expectation seems to be that it will be keener as the year progresses.

New wage scale adopted by American Steamship Owners' Association calling, it is understood, for a general reduction of 15 per cent. in wages of all seamen employed by member companies will be submitted to Shipping Board today for approval.

ONTARIO'S GOVERNMENT BANKS

Commencing with the current issue there will appear in the banking department of THE FINANCIAL POST a series of articles on the government banking system being organized in Ontario. They are being written by Professor Michell, of the department of political economy, McMaster University.

Professor Michell has made a close analysis of the scheme in the light of present financial conditions and past experience in administering credits both in Canada and in other countries. His conclusions are that the venture is not justified in the public interest—it therefore becomes in effect a matter of political expediency. It is not justified, he contends, either from the standpoint of public need or the standpoint of public service while past experience indicates that it cannot be made an economic success.

RAILWAYS WILL BE "NURSED" BY THE GOVERNMENT

No Immediate Attempt to Bring Them Under Private Operation

COULD NOT BE SOLD

Except With Heavy "Bonus"—Best Efforts to Lessen Deficits—Tariff in "Recess"

By Our Political Correspondent

The only element of fiction that seems openly to exist in politcal circles at the moment is due to the campaign of the Toronto "Globe" apparently to emphasize a cleavage between the private ownership and public ownership wings of the Liberal Party. The Globe has not hesitated to declare even before the day of election that it would prefer an alliance with the Conservatives and the public ownership section of the Liberals, than to see what it terms the "Montreal Group" triumph in counsels at Ottawa. This week it renewed the attack in a leading editorial.

A member of the Cabinet outlined for THE FINANCIAL POST the general attitude that seems likely to be taken by the party in power. That is that no immediate decision will be reached or can be reached as to whether the railways shall continue under government control and operation or whether they will be turned over to some private corporation. Referring to the suggestion made during the campaign by a Liberal candidate that he would advise selling the National Railways for $1 to some private group this member of the Cabinet observed that he did not beieve any private syndicate could be induced to accept the railways as a gift at $1 but instead would require to be guaranteed something like $25,000,000 a year for a number of years to provide against recurring deficits. The Government's policy, it is understood, will be to endeavor to rehabilitate the National Railways by co-ordinating the different systems, avoiding duplications where possible, amalgamating to some extent, but partially only, the management of the C. N.R. and G.T.R. lines, and endeavoring thus to reduce gradually the huge burden of deficits. Only when this is accomplished, and a private group can feel that the superior efficiency of private operation is likely to bring to an end the deficiency between earnings and expenditure and funded charges, would the Government be able to interest any private parties in taking over the National Railways.

With a session coming so soon after the return of the new Government to power it is obvious that no definite policy can be announced in regard to a revision of the tariff. This must await some further inquiry that seems certain to be carried out during the recess.

CONSIDER R. R. PURCHASE

London Has Proposal in Hand at Present

From Our Own Correspondent

LONDON.—A proposal made by Mayor Wilson in his inaugural address that the council take steps to appoint a transportation commission to report on the advisability of purchasing the London Street Railway when its franchise expires in 1925, has aroused keen interest among business men. There seems little doubt that something along this line will be done and several of the local business men's organizations and the Chamber of Commerce may shortly take an active part in getting things under way. No one has recognized more plainly than the business men the drawback that the present situation is, but the refusal of the council to permit the company to increase its fares, has rendered improved service and the purchase of additional equipment, impossible. Extensions of the lines into newly built up districts and the purchase of more cars are essential but in the present state of its finances the company is unable to even consider the matter.

DULUTH-SUPERIOR

Passenger earnings of the Duluth-Superior Traction for the final period of December totalled $51,375, a decrease of $3,638 or 6.6 per cent. compared with the corresponding period in 1920.

For the month the earnings totalled $153,008, a decrease of $11,554 or 7 per cent., while the total for the year at $1,758,511 was lower by $148,366 or 7.8 per cent.

The Public and the Banks

The Merchants Bank affair has caused a stir in financial circles which has become the starting point of an agitation for changes in regulations affecting the banks that bids fair to continue until the revision of the Bank Act in 1923. Already reports from Ottawa indicate that if there is an investigation of the situation leading up to the Montreal-Merchants amalgamation it will broaden out into a general inquiry by parliament such as that which preceded the last revision of the Act in 1913.

THE FINANCIAL POST believes that the affairs of the Merchants Bank should be thoroughly inquired into, not to search for scandals but find the weaknesses in our system, that they may be improved by regulation if possible. The Merchants Bank experience shows one thing at least—that there is something wrong with the present auditing system. To some extent it is a farce. Further, that there should be an opportunity before the revision of the Bank Act for shareholders and depositors—the general public—as well as borrowers to bring forward any suggestions or complaints regarding the Bank Act which will lead to a better understanding of this measure and to any amendments which may be advisable to make the banking machinery of Canada more efficient in the public interest.

It has frequently been said that the Canadian banking system is the best in the world. THE FINANCIAL POST believes that this is a sound statement. But doubts in the public mind are sown—and with good reason, too—by such reports as have been heard regarding the Merchants Bank. If there are the weaknesses in the Act which would seem to be indicated by these recent developments let there be amendments to eradicate such weaknesses. We can only have a strong banking system when we frankly recognize its weak points and force all the banks to meet the standards observed by the majority.

The people of Canada are told that Canada has a good banking system, but they have had to take that statement on faith. To them the banking machine is one of mystery. There has been little disposition on the part of the Canadian Bankers Association to recognize that the banks as public servants have a duty to their thousands of depositors as well as their shareholders and customers in giving publicity to their operations. But the public attitude on these questions is changing and the executives of the Canadian banks will do well to recognize this and not only give the depositors, shareholders and customers a chance to make suggestions as to changes in the Bank Act, but, in future, keep them intelligently advised as to their operations.

Some of the banks very wisely give wide publicity to the proceedings of their annual gatherings but once a year is not often enough to recognize the public interest. The people must be educated to the advantages of the Canadian banking system if the agitation for government banks is to be curbed. Such incidents as the Merchants Bank affair undermine public confidence in a splendid financial machine and if the bankers do not recognize the weaknesses in that machine and strengthen it accordingly to the satisfaction of depositors, shareholders and customers then something else will be demanded—something which the radical elements in politics and the socialistic agitators will be glad to try to supply. Already we have a Government Banking System in Manitoba and one just starting in Ontario. They are both unnecessary. Neither would have been sanctioned by the public if bankers were closer to the public opinion.

No "Public Be-damned" Policy

When the president of the Merchants Bank was on the witness stand in connection with an inquiry into the relations of the bank with the brokerage house of Thornton, Davidson and Company, in Montreal this week, (at the trial of Colin C. Cameron for theft), he was being asked some questions as to when he became aware that the firm was "very heavily indebted" to the bank.

The lawyer who appeared for the directors of the bank raised an objection to this and is reported to have remarked, "It is a damn shame."

This attitude, which is being assumed in some quarters whenever there is any suggestion that the shareholders of the bank might possibly desire to know some of the "inside" incidents that led to the banking disaster, is not a whit more justified than the "public-be-damned" policy of a generation ago. This attitude, which includes the expressed views of the Montreal "Gazette," assumes that the directors of a bank are autocrats above the law.

No impression could be more mistaken, and it would clear the air, and probably bring a position of trust like a bank director's into a more realistic light, if the point were driven home fairly forcibly by legal proceedings, if shareholders' protests are not effective enough. The directors are trustees dealing with millions of public funds contributed by shareholders and deposited by thousands of citizens. The issue of charters to new banks is very carefully guarded by the Government and by Parliament. In the Farmers Bank case the government showed laxity in issuing the charter. Shareholders who lost their money made claims on the government for compensation, blaming it for the bank's failure. In the Merchants Bank case there is a wide-spread feeling among shareholders that the directors did not exercise that vigilance the shareholders had every right to count on.

The police court trial this week recorded a reply from the president of the bank that prior to the failure of the brokerage firm he did not know that the bank had allowed a large overdraft, or that the firm could not pay its liabilities in full if called upon to do so. And yet there existed prior to this an overdraft of $3,000,000 from these same brokers, and there is evidence they were insolvent as far back as 1915.

The case for the shareholders resolves itself into three lines, into each of which a searching investigation should be conducted:

1. Were false statements issued to the shareholders and the Minister of Finance during the years 1920 and 1921?
2. Were the auditors true to their obligations as outlined by the Bank Act?
3. Did the directors exercise ordinary vigilance over the affairs of the bank? Should they not have taken charge and forced a reorganization after the Thornton, Davidson failure in July 1920?

THE FINANCIAL POST submits the following clause in the Bank Act to the attention of the Minister of Finance, and suggests that he take the necessary steps to exercise his power. The shareholders are entitled to such an investigation, as preliminary perhaps to a further one:

> 56A. The minister may direct and require any auditor appointed under the next preceding section of this Act, or any other auditor whom he may select, to examine and inquire specially into any of the affairs or business of the bank, and the auditor so appointed or selected, as the case may be, shall at the conclusion of his examination and inquiry, report fully to the minister the results thereof.

Responsibilty of Auditors

The duties of the auditors of a bank were referred to at the annual meeting of the Royal Bank this week by C. E. Neill, the general manager, who emphasized that the auditors should pass on the value of the assets. Mr. Neill said:

> "In view of the discussions which have recently taken place regarding the obligation of auditors of banks appointed under the provisions of the Bank Act, it is proper that you should be informed that the auditors appointed by the shareholders of this bank not only certify to the correctness of the Balance Sheet, but they also approve of the value of the bank's assets as stated therein. The representatives of the auditors, who conduct their investigations of the bank's business throughout the entire year, have access to the statements, correspondence and inspection reports relative to all loans granted, and their certification of our Balance Sheet is made only after a full examination of all credits granted to customers. In cases where there is any doubt as to the value of a debtor's account, the amount set aside by the bank to take care of any possible loss is approved by the auditors as being sufficient. Every facility is afforded them to examine each and every account in the bank, and they are encouraged to criticize and *make the most detailed investigations of every debt due the bank, with the relative security.*

STOCKS CONTINUE INCLINE TOWARD HIGHER LEVELS

Underlying Sentiment of Hopeful Character Since Turn of Year

DIVIDEND RECORD

Opportunities for Investors in Preferred Stocks—Two or Three Adjustments Needed in Business

Market activity, based upon a hopeful underlying sentiment, has been of a progressive character since the turn of the year. Turnover has been restricted, but price movements have followed the same definite trend inaugurated four months ago, and there is still a gradual incline to higher levels. The activity to date has been largely confined to bonds and investment securities of undoubted merit, chiefly the preferred stocks, and others which have come thus far through the difficulties of the adjustment period with their dividend position unscathed. There is little doubt that these securities will continue to be the centre of attraction for some time to come, and with the adjustment to correspond more closely to the declining interest rate, aided by the steady demand, prices should continue to firm up gradually. There are opportunities for the investor of discernment to purchase securities which will return him substantial yields. Conditions are not yet ripe for the speculator, however, and, there is little likelihood of wide fluctuations, the product of a strong speculative interest.

With the beginning of a new year financial statements covering the operations of the past year will begin to make their appearance. Generally speaking it is probable, judging by statements published so far, that the majority of companies will report a decline of earnings and profits, a condition only to be expected in view of the difficult experiences of the past year but there will be exceptions. On the whole Canadian industry has given a very creditable performance of stability. The dividend record, while not perfect yet shows a relatively small number of lapses. The situation has materially improved basically with the eradication of a number of factors which have been promoting stagnation. Two or three important factors require further adjustment, however, before the way is definitely cleared for better times. Lower production costs are essential and lower transportation costs; industry is likewise awaiting relief from the excessive burdens of taxation now carried.

The following summary by Hayden Stone & Co., accurately describes the market situation at the moment—"The great difference between the present market and that of a year or more ago is that the element of fear has been pretty well eliminated. We know the worst; we may look forward now, not perhaps to quite the prosperity so generally predicted, but to a gradual improvement. To some extent this has been discounted, but not by any means, in every instance."

BROKER TAKES LIFE

Tragic Development in Sensational Failure at Regina

A Canadian Press despatch from Regina reports that Major W. G. V. Bishop, prominent in military and social activities, for many years, has taken his life by shooting himself. The tragedy is believed to be the result of the recent failure of E. E. Quigley, grain and investment broker referred to elsewhere in this issue. Mr. Bishop was a partner in the business. Quigley was arrested following the failure and is now out on $20,000 bond awaiting trial on a charge of theft by conversion of $7,500.

MR. RALSTON HONORED

Head of National Life Presented with Portrait of Himself

At the annual meeting of the National Life Assurance Co., in Toronto, this week, a pleasant ceremony was the presentation to President A. J. Ralstor of an oil painting of himself, on behalf of the agents and the head office staff. The picture, which was done by Wyley Grier, was presented by R. G. McPherson, ex-M.P. resident director in Vancouver. Mr. Ralston entered the National Life as managing director in 1903, and was appointed to the presidency in 1920.

TURN ATTENTION TO THE CANADIAN SECURITY FIELD

Coming Into Favor With British Investor After Period of Unpopularity

GRAND TRUNK AFFAIR

Expect Rapid Recovery in Canada From War's Effects—Decline in Yields of Government Bonds

Canadian investments which have experienced a long spell of unpopularity in Great Britain as a result of the Grand Trunk affair, and other "regrettable incidents including the Prince Albert default," are coming into more favor in the British market. With the decline in yield of the gilt-edged securities the British investor is searching the lists for investments that offer a higher return on his capital. The London Financier refers to the improving sentiment on behalf of Canadian securities, and points out that there is a general impression in Britain that Canada will make a rapid recovery from the effects of the war, while confidence has also been stimulated as a result of the recent general election, it being considered that the new Liberal government is more favorably disposed toward British financial interests than was the Meighen government.

The fact that the Grand Trunk Railway Co. has been given leave to appeal from the judgment of the majority of the arbitrators is regarded in Britain as reassuring. The award will be exposed to the scrutiny of the highest legal authorities, and the impression which is undoubtedly prevalent in the minds of many stockholders that they have been treated unfairly will be removed, whatever may be the judgment of the Jurdicial Committee of the Privy Council.

Some Specific Investments

The Financier takes the opportunity of referring to some specific investments that are especially attractive from the British standpoint. Among others good investments are to be found among the Canadian railway stocks, bearing the guarantee of federal or provincial governments, or that of the Canadian Pacific Railway. But the investor is warned to make a careful choice as in most cases the prices are higher than is justified by current market conditions, owing to the fact that in these instances Canadian holders are entitled to receive their dividends in dollars at a fixed rate of exchange, whereas British investors only have the right to payment in Sterling. The article continues as follows:

> This applies, for instance, to Canadian Northern Alberta Three and a-Half per Cent. (Dominion Guaranteed) Debenture stock, which yields less than can be obtained from Canada fours, and should consequently be sold by British holders.
>
> On the other hand, Canadian Northern Four per Cent. Perpetual Consolidated Debenture stock can be bought to yield over 7 per cent., and although it is not guaranteed by the Government the latter, as owners of the system, must be regarded as responsible for the payment of interest. Canadian Northern Quebec Four per Cent. Perpetual Debenture stock is a similar security, yielding 7¼ per cent. The Five per Cent. Income Debenture stock is in a different category, since interest is contingent upon current earnings, and, as a matter of fact, has not been paid for many years past. Redemption, however, is due at par at the end of 1930, and there are some who contend that the Government is morally, if not legally, bound to meet this obligation.
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> Canadian Pacific 4 per cent. perpetual consolidated debenture stock has risen several points of late, and now returns only £5 13s per cent. to the investor. The 4 per cent. preference stock, however, can be bought to yield over 6 per cent., and a slightly higher return is obtainable from the stocks of lines leased to the Canadian Pacific. Dominion Atlantic Four per Cent. First and Second Debenture stocks are both quoted at 62-67, and if obtainable at the middle price would show £6 4s per cent.
>
> Quebec Central capital stock, on which the C. P. R. guarantees a dividend of 5 per cent., shows a yield of about 6 per cent., while the Four per Cent. First Debenture stock and the Three and a Half per Cent., Debenture stock, if obtainable at the listed prices, would return 6¼ per cent. and £6 8s 5d per cent. respectively.
>
> Most of the Canadian Industrial investments are subject to violent fluctuations with the dollar, and are consequently suitable only for those who are prepared to follow exchange fluctuations very closely, but some of the Debenture stocks with interest payable in sterling seem worth attention. Vancouver Power four and a quarter per cent. Perpetual Debenture stock yields about 7 per cent. and British Columbia Electric Railway four and a quarter per cent. Perpetual Debenture stock is a trifle less.

ROCKEFELLER FOUNDATION

Total Funds of Nearly $180,000,000 At Beginning of 1921

Annual report of the Rockefeller Foundation treasurer for fiscal year ended December 31, 1921, shows book value of securities in general funds at the beginning of 1921 amounted to $179,279,807. This represented not only principal, but also income temporarily invested.

Of this total, $145,118,658, or 81%, was invested in stocks and the balance, $34,161,148, in bonds. Different stocks held numbered 64 and bonds 60. The former ranged from an investment of $35,745,500 in Standard Oil of New Jersey common down to holdings in New York, Chicago & St. Louis R.R. common representing investment of $5,500. Bonds range from investment of $2,777,083 in International Mercantile Marine 1st 6s due 1941 to slightly over $7,000 in first mortgage bonds of a realty company.

REVIVING INTEREST IN NOVA SCOTIA GOLD

But the Production in 1921 Was the Smallest Since 1862

From Our Own Correspondent

HALIFAX.—The amount of gold produced in Nova Scotia during 1921 was the smallest in any year since 1862, the first year for which gold mining records for the province are available. But, according to the Department of Mines, the indications are that there will be a considerable revival of mining activities this year.

"Gold production has been falling off in recent years," said Mr. Hiram Donkin, Deputy Commissioner of Public Works and Mines for the Province, in an interview with the FINANCIAL POST correspondent. "Last year the production was only about half that of 1920. High cost of labor, machinery and supplies have restricted operations, and the unusual drought last summer tied up companies dependent on hydro-electric power.

"During the latter part of the year, however, an unusual amount of prospecting was done," Mr. Donkin added. "Various companies were overhauling their plants, and some were installing new machinery. So we are anticipating considerable new development work this year, and a much larger production."

From 1862 to 1920 inclusive the recorded gold production of Nova Scotia was 959,457 ounces, which on a valuation of $19 per ounce, was worth $18,229,683. The largest annual production was in 1901, being 30,537 ounces, valued at $580,103. From 1864 to 1903, the production usually ranged between 20,000 and 30,000 ounces annually, though a number of years it dropped to 10,000 ounces. The principal mines are at Sherbrooke and Stormont in Guysboro County.

PROTECTION FOR CAPITAL SAYS SPEYER

Private Property Rights Are Now Receiving Too Little Consideration

By JAMES SPEYER

As a consequence of the war we seem to have grown a little slack in protecting private property and even personal liberty. Even now, while the Transportation Act of 1920 has not as yet had a fair trial, attempts are being made to repeal certain sections, which would be most detrimental to the owners of the properties and make it difficult for the country to obtain the investment of capital in railroad improvements and extensions so urgently needed by our people.

Enactment of the $500,000,000 Railroad Funding Bill has already been too long delayed, to the detriment of the country as well as the owners.

One of the important clauses of the Esch-Cummins Law, providing for 5½ per cent. return on invested capital in railroads, has not been made operative. Notwithstanding this some railroad rates have already been reduced, while the employes resist at the same time a corresponding lowering of wages. The owners of the railroads have not, as yet, had a "square deal," and it is well for this persistent hostility to railroad property is only another phase of the attacks on private property rights.

Profiteering—for individuals to make exorbitant profits or get undue advantages at the expense of their country during the war—has been justly condemned, but what shall we say of those who, now that the war is over, try to get personal profit or undue advantages for certain classes at the expenses of others of our own common country? Although there is no danger that such efforts will prevail in the long run, they may disturb business and economic conditions, frighten capital and make labor dissatisfied and distrustful, thereby causing unnecessary hardship and suffering. However, American common sense and sense of fair play will surely prevail in the end.

In the meantime, we may feel certain that the great majority of Americans know that, while it is natural that each individual or class should think of his or its own individual interests first and try to further them, no one, whether he belongs to capital or labor, will benefit in the long run by too selfish and narrow a policy toward his fellow-men.

SAYS THE STATES PRACTISES FOLLY TOWARDS CANADA

Eminent Banker Condemns the Tarrif on Our Wheat

ECONOMIC MISTAKE

Free Flow of Products Should be Encouraged—A Strong Bid Made for Canadian Trade Friendship

By CHARLES E. MITCHELL,
President of the National City Bank of New York, in an address before the Boston Chamber of Commerce.

We hear a great deal of talk these days about the foreign situation, and as that subject is mentioned our minds as a rule revert immediately to Europe. American business men and economists have been there by the score this past year, and as a rule we find them returning with this one thought uppermost in their minds. It is that the Allied Nations who are demanding payment of severe indemnities are practising folly in asking the impossible since they will not permit a free flow of goods from Germany through which the economic stability of that country may be established and the means created for producing the wealth with which the indemnity is to be paid. But are we not ourselves practising similar and perhaps greater folly with our own immediate foreign neighbors? I speak especially of Canada and Cuba.

Canada has long since been our best customer, last year taking our exports in the amount of about a billion dollars—products which we are well fitted to produce and must find a market for. Canada, on the other hand, has shipped us principally grain, timber and paper products to an amount of about seven hundred million dollars, leaving a balance in our favor of about three hundred million dollars last year. Her timber and paper products have filled a vacuum in our supply enabling us to conserve the limited timber tracts of our country. Her grains have come to us for milling, the delivery from the mills constituting, as I choose to view it, a part of our export to England and to Europe, while furnishing additional traffic to our railroads.

Killing Canadian Trade

We have taken steps during the year to kill that most desirable trade by placing a tariff of thirty-five cents per bushel, for instance, upon Canadian wheat. By so doing we are antagonizing these neighbors of the North to the point where they are seriously discussing a retaliatory tariff that doubtless would in the ultimate result in their milling their own grain and exporting their flour in competition with our exportable supply, as well as inviting English and European goods to enter their boundaries, not on even competition with us, but under a freedom from tariff that would practically put our goods out of competition. By this process we shall have succeeded in antagonizing a good neighbor, we shall have fostered an export competition that may in time be exceedingly serious. and we shall have taken away from American industry a huge market that must obviously reduce the industrial earning power, the rewards of which would constitute a buying power for the very agricultural products that we are thus attempting through the tariff to protect.

I realize that what I am saying in regard to Canada and in regard to Cuba, insofar as it pertains to the tariff, is being said in the very stronghold of the Protectionist Party, but I cannot believe, Protectionist though you may be, that you will countenance a continuance of this misuse of the tariff, to the end that this country will lose not only the friendship of neighbors and their advantageous trade but its deserved reputation for fair dealing and for justice. It is a first principle, and the time has come when in these instances of Canada and Cuba we should get back to it.

WAR FINANCE CORPORATION

Advances of More Than $50,000,000 To Finance Exports

The War Finance Corporation, since January 4, 1921, to December 31, 1921, inclusive, made advances of $50,946,375 to finance exports; advances made from August 24, 1921, to December 31, 1921, to bankers, cooperative associations, etc., for livestock purposes, totaled $145,082,039.

The $50,946,375 advanced to assist in financing exports was divided as follows: Grain, $6,172,166, tobacco, $3,591,369, cotton $33,422,373, canned fruits $400,000, meat products $1,000,000, condensed milk $1,000,000, textile products $250,000, sheet steel $180,000, copper $145,600, sugar mill machinery $359,866, agricultural machinery $500,000, railroad equipment $2,925,000, and lumber $1,000,000.

The $145,082,039 advanced to bankers and financial institutions and co-operative associations was divided as follows: Cotton, $23,154,200; grain $20,327,833; livestock, $31,740,630; sugar beets, $8,104,000; rice, $2,250,000; canned fruits, $300,000; dried fruits, $1,250,000; peanuts, $1,097,700; general agricultural purposes, $56.875,674.

Service For The Thrifty

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Reserve Fund ... 9,743,375 Total Assets (Apr. 30, 1921) $190,367,409
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Vice-President: F. HOWARD WILSON.
Acting General Manager: H. B. MACKENZIE.
Acting Assistant General Manager: S. C. NORSWORTHY.
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Reserve Fund 18,000,000
Total Assets 230,000,000
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By O. J. Godfrey, F.C.A.

Vol. I.—Rural Municipalities, Telephone Companies, Schools, Hospitals, &c.

Vol. II.—Complete System of Municipal Accounting, Instalment Debentures, Annuity Debentures, Sinking Fund, &c., &c.

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NEEDS COURAGE TO FIGURE LOSS ON INVENTORIES

Sometimes if Frankly Met They Would Wipe Out Profits

BROMPTON'S BENEFIT

Has Faced Losses Squarely—Has Strong Point in U. S. Mills That Consume Kraft Pulp

From Our Own Correspondent

MONTREAL.—A final estimate of a year's operations of the Brompton Pulp & Paper Company should not be confined to the annual statement such as was issued last week. This is hardly fair to this enterprise inasmuch as it operates two mills in the United States, Claremont and Groveton, that were acquired on very favorable terms, but whose profits are not included in the financial statement usually issued in the name of the Brompton Company. The directors of the company, wisely, because conservatively—have not emphasized the asset of these two mills across the border, as balances still remained to pay on the purchase price, and it was recognized that until this was completed actual profits would not be forthcoming to apply in the ordinary way in dividends or surpluses. At the same time the purchase has been nearly carried out, and the operations themselves for the latter part of 1921, and probably for 1922, should provide a fair profit that eventually will be applied to the equity of the shareholders. The Brompton report figures do not contain the profits from these mills.

Market For Kraft Pulp

The strategic position of the company in regard to these mills may be readily explained. There is a free entry of sulphate pulp into the United States, but manila or wrapping paper, which is made from this pulp, is checked by a prohibitory duty. Canadian mills that manufacture "kraft" or wrapping paper do not figure on the United States as a market.

On the other hand the Brompton company was selling kraft pulp to these two mills for some years, and now that they own them have them as certain customers for their kraft pulp, and this pulp is manufactured into kraft paper by these mills and this paper finds a market in the United States. Thus the Brompton Company stands to receive the advantage of the usual profit on the pulp, and on the paper as well. In normal times the benefits of this reciprocal arrangement should be very substantial.

Portion Only of Newsprint

It should be remembered also that only a comparatively small portion of the production of the Brompton mills taken together is newsprint, some 110 tons a day. When newsprint prices were in their heyday Brompton was criticized in comparison for the small percentage of newsprint production. Now, however, the newsprint market is still unsettled and lower prices may result for a time, but pulp prices it is believed have reached the bottom and indeed are now some distance on the way up. This condition should work out to the advantage of Brompton in the new year.

For instance, the chief development of the company in the past year or so has been the construction of a groundwood pulp mill with a capacity of 100 tons a day or 30,000 tons a year. Unfortunately this past year the price of ground wood has been running very low in the reaction, but the year 1922 promises to give a fair profit to groundwood pulp mills and this new development of the company may be counted on to add materially to the profits where it would fail to do so in the past year.

Down To Rock Bottom

The best point about the report is that it shows the worst that can happen. There seems no doubt that the "wood pile" has been written down to a point where newsprint prices of to-day will show a profit. Getting this price down, cost the company in write-off nearly $1,000,000 ($944,000), but at least this company has done what some similar mills have not yet done, "taken their loss," got down to rock bottom, and started to build up again under the new lower scale of costs.

In last week's issue THE FINANCIAL POST suggested that the loss of $944,000 on inventory might fairly be taken off the profits of something over one million as shown. Another method would be to deduct this inventory loss on each ton produced with the wood in the new year; that is taking it when a loss on the manufactured pulp or paper was actually registered. That would be in the new year starting on Nov. 1, 1921. It would seem a more logical way, however, to state that as the loss was incurred in the past year—not in the new year—the amount should be deducted before showing profits.

At all events the company did not count this depreciation in with their inventory valuation but deducted the whole amount. Nor was this counted in with the working capital. This course was a courageous one for the directors to take, and this course—as was done in the case of the textile mills—should furnish an example to other similar mills when their financial statements are being prepared for the shareholders and an interested public.

AUDITORS WARNED BROKERS OF POSITION

Since Then Partners Said to Have Withdrawn Large Sums of Money

From Our Own Correspondent

REGINA.—The failure of E. E. Quigley & Company, bond and stock brokers, has caused a local sensation. Shortage in the firm's accounts are shown by the auditor's preliminary survey to be in the vicinity of $100,000. Assets will realize little more than $7,000, auditors' assert. Of the total liabilities, some $20,000 are in cash grain. E. E. Quigley, who has been arrested on charges of converting trust funds to his own use, has been released on bail of $24,000 pending preliminary hearing.

An extraordinary feature of the case is that the auditors' Read de Serres and Company, state that the firm has been insolvent since May 1920, and that several times they notified the firm to this effect. Insolvency was evidently due to the heavy drawings of the two partners, Quigley and Colonel V. G. V. Bishop, who in addition to salaries of $325 each per month, drew $18,000 and $24,000 respectively within the past eight months. Speculation is cited as the cause of the firm's financial downfall, gambling ventures on the grain and stock market by the partners, both as a firm and as individuals, allegedly contributing to the wreck. The majority of the creditors are said to be farmers who sold grain to the firm, receiving only a small cash deposit.

MANY ECONOMIES MAY YET BE EFFECTED

Labor Not Yet Back to Pre-War Standard — The Business Outlook

Much has been accomplished during the past year in the way of introducing economies of operation which lead to a reduction of production costs. The principal items entering into this reduction are lower rates of wages and increased efficiency of workmen. W. C. Franz, president of the Algoma Steel Corporation questioned upon these points, declared that still additional economies could be effected by a careful analysis of cost statements, improved supervision of workmen, and greater attention to the quality of raw materials. Modern methods of handling material show reduction in expenses, he added, but in most cases, careful study should be given to any new and improved equipment.

Mr. Franz commented upon the situation further as follows:

> We have experienced no difficulty in the past year in securing sufficient stocks of raw materials. Labor has been very reasonable, and we have had no difficulties with our workmen. A large number of our employees receive bonuses on basis of tonnage produced. Labor efficiency, while not yet at pre-war standard, has made great progress during the past year.
>
> It is most difficult to say when buying will reach a normal basis, but it will not be until six months to a year after the general public is convinced that liquidation of prices is fully accomplished. At present all factories are buying supplies on a hand-to-mouth basis and practically no new equipment except for replacement.
>
> I believe the present home markets are sufficient to keep Canadian iron and steel manufacturers busy. We are not interested in export business on account of our location. I think the railway situation has a very important effect on trade in general, and believe a reasonable decrease in freight rates would stimulate business quicker than any other one thing.
>
> Canadian manufacturers should, in my opinion, first give attention to the domestic market in the development of industrial undertakings. The large volume of imports, especially from the United States, shows the extent of possible business to be done. Considerable progress has already been made in the production within Canada of finished products from the raw materials from our mines, forests and farms, and speaking as a steel producer, we would like to see all classes of finished steel produced in Canada so as to take care of home markets and cut down the imports, and we are very much interested in the production of finished steel products from iron ores mined in Canada. Every assistance should be given the prospector and mining company in their efforts to locate and render merchantable our own ores.

WANT STATE INSURANCE

Agitation Started by Labor in Saskatchewan

From Our Own Correspondent

REGINA.—State insurance, demanded by organized labor throughout the province, is likely to become an actuality at the resumed sessions of the provincial legislature. Employers, at a meeting held here to consider labor's legislative demands, favored the state insurance plan.

MANY FARMERS NEED HELP TO PUT IN A CROP

But the Old Determination is Being Reborn in the West

GOVERNMENT MUST AID

Many Grain Growers Are at the End of Their Financial Tether and Their Credit Has Been Exhausted

After a period of rapid decline in values of farm products and unsatisfactory harvest there is a tendency on the part of the Western farmers to take stock and try to gauge the future. It is far from a happy situation. Few indeed have made money during the past year while with others losses were added to the losses of other years. Grain crops have been sold in some cases at less than cost of production—in others there was none to sell. Live stock has been sacrificed at anything the market would bring where there was not enough feed to pull through the winter, or where it was necessary to realize funds. Many farmers find themselves at the end of their financial tether. Many have not money to put in another crop. Some are leaving the country. Some have not enough money to leave—not enough to provide for their families through the winter. This is in brief the present situation in Southern Alberta and other sections of Western Canada as described by F. W. Crandall, farming specialist of Calgary, who has had practical experience as a land man and farmer in the West for many years.

Apart from those who have not enough to actually pay their way Mr. Crandall says that a spirit of determination is evident. But it will be necessary to evolve some scheme to help many farmers to get in another crop. They have not the money to pay for preparing the land or for seed and with many of them their credit is exhausted. If assistance is not rendered he believes that there will be many farms deserted and this not only means that the seeded acreage will be reduced but that there is a serious menace to whole districts through weeds being spread by the agency of the wind from the areas allowed to run wild.

Looking To Next Crop

One crop would restore a substantial measure of prosperity in the West, according to Mr. Crandall. But it will require prompt action to finance the farmers to get in a normal acreage. Owing to weather conditions and shortage of capital the fall preparations were not on as large a scale as usual and this will mean a reduced wheat acreage. However, it will still be possible to prepare land for rye and other coarse grains. Soil conditions are regarded as excellent. Mr. Crandall says that he has never seen them better at this time of the year and this refers not only to Alberta but the other provinces through which he passed recently on his way East.

Looking further ahead it is evident that the farmer will need long-term capitals, but in that respect he must be prepared to adjust the value of his land holdings. Values he believes will have to be brought down to a basis of earning power where the harvest will pay for cost of production and interest on a certain investment. This he says is being done with improved city real estate. For the time being there is practically no market for farm lands; there are simply no sales to test values.

From the business standpoint everything depends on the next harvest. A good yield at a profitable price—and the cost of production will be considerably reduced—will mean a revival of buying power. But until there is such a revival the average man in the West will be buying only what he needs—and requirements can be made very slim when confined to the real necessities. Under such circumstances Mr. Crandall expects to see an improvement in the labor situation which he says has been one of the most difficult problems of the Western farmer. It is not so much a question of the wages paid as the work done for the wages that has been so discouraging.

ALBERTA'S INDUSTRY

From Our Own Correspondent

EDMONTON.—An industrial survey of the province is being made by the Alberta Government through its trade commissioner. Its purpose is to inquire thoroughly into the industrial situation, taking into account the number and kind of industries, whether or not they are working on full time, and if not why not. This will be with a view to giving assistance later in the widening of existing markets for Alberta products and the creation of new ones. It is intended to make the survey cover all branches of industry already established, with likely recommendations for further lines that could profitably be taken up in this province.

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UNION BANK STATEMENT REVEALS CONDITION OF SOUNDNESS DUE TO CAREFUL, PROGRESSIVE POLICY

Confidence in Canada's Economic Future is Keynote of Addresses at 57th Annual Meeting of the Shareholders of Union Bank of Canada—Directors Gratified at Bank's Strong Statement Revealing Exceptionally Liquid Position—W. R. Allan Elected President, and H. B. Shaw, Vice-President—Memorial to 119 Devoted Officers Who Gave Their Lives in Great War Will Conjoin the Memories of Heroic Men With the Highest Class of Service to Needy Humanity.

The 57th annual meeting of the shareholders of the Union Bank of Canada was held at the Head Office in Winnipeg at 12 o'clock noon, on Monday, January 9, 1922. There was a large and representative gathering present.

On motion of E. L. Drewry, the Vice-President, W. R. Allan, took the chair.

Directors' Report

The Chairman read the annual report of the Directors as follows:

The Directors have pleasure in presenting their report, showing the result of the business of the Bank for the year ended November 30th, 1921.

During the year four branches and agencies were opened, and twenty-five were closed, as follows:

Offices Opened

Province of Manitoba, one—Winnipeg, Agricultural College.

Province of Alberta, one—Fort McMurray.

North-West Territories, one—Fort Smith.

British Columbia, ont—Coalmont.

Offices Closed

Province of Nova Scotia, one—Berwick.

Province of Ontario, six—Burritt's Rapids, Honeywood, Indian River, Mansfield, Minesing and St. Ann's.

Province of Manitoba, six—Clearwater, Deepdale, Dropmore, Lowe Farm, McConnell and Somerset.

Province of Saskatchewan, seven—Bateman, Birch Hills, Carmel, Dewar Lake, Major, Pinkham and Zealandia.

Province of Alberta, four—Acadia Valley, Chauvin, Rimbey and Winnifred.

Province of British Columbia, one—Ducks.

The number of branches and agencies in operation at the close of business on November 30th was 372.

The number of staff employed at the close of business on November 30th was 2,080.

The usual inspection of all branches and agencies has been made.

JOHN GALT, President.

The past year has been filled with anxieties and difficult problems for all of us, and your directors are gratified that they are able to present to you as strong a statement as that which is now in your hands. It will be no surprise to you that our profits are smaller than they were last year, and while the actual net results would have enabled us to pay the shareholders a bonus this year, your directors have deemed it prudent, in view of existing conditions, to conserve our resources, and consequently the bonus has been omitted.

Period of Deflation

During 1921 deflation has pursued its course with the inevitable results of reorganization of business, curtailment of expenses, discharge of personnel wherever possible, and consequent unemployment. The reduction in values has affected all classes, directly and indirectly—mitigated, it is true, by the diminished cost of living. Our farmers have had to face a serious fall in the price of their products, and our manufacturers have found the market for their output greatly reduced, owing to diminished purchasing power in the community and to the uncertain outlook for trade.

Foreign trade is still in a disorganized condition, and exchanges fluctuate so violently that international transactions are very largely speculative. This course of affairs was foreseen by your board and executive, and a cautious and conservative policy was laid down to govern procedure during the past year, with the result that the bank's position is strong and comfortable. We enter the New Year with our ship well found, well manned and amply able to withstand the storms that may loom up in the future.

Farming Industry

Ontario, Quebec and the Maritime Provinces, generally speaking, have experienced a year of light crops and dcelining prices in all products. The value of field crops in Quebec, placed in 1920 at $330,000,000, fell to an estimated value of $193,000,000 in 1921.

The amount of grain grown in the three Prairie Provinces in 1921 was probably the second largest in volume in their history. Unfortunately, heavy and prolonged rainfalls during harvesting and threshing operations resulted in marked deterioration in grades, and this misfortune, combined with the serious fall in prices, has brought great hardship upon the agricultural community and has naturally had its effect upon the industrial and commercial activities of the Dominion.

Agricultural Problems

The Governments of the various Provinces are dealing energetically and scientifically with the problem of dry areas, and it may be hoped that in due time difficulties which have been experienced in these districts in past years will be overcome. These Governments are also giving, through their Departments of Agriculture, and particularly in connection with their Agricultural Colleges, close attention to the education of farmers along more scientific lines, and we may look forward with confidence to an improvement in methods of cultivation, which will be sure to bring beneficial results in their train.

Whilst the cost of production to the farmer in 1921 was probably less than in 1920, this has been more than offset by the drop in prices, with the result that, in many cases, the balance of the year's operations is on the wrong side.

The following statistics as to acreage and results in Manitoba, Saskatchewan and Alberta are believed to be approximately correct:—

	Acres	Bushels per acre	Total
Manitoba			
Wheat	2,711,160	13.3	36,058,428
Oats	1,900,000	29.2	55,480,000
Barley	850,000	21.7	18,285,000
Rye	180,000	13.0	2,340,000
Flax	91,000	7.2	655,000
Saskatchewan			
Wheat	11,761,000	15.3	180,000,000
Oats	4,903,000	34.9	171,115,000
Barley	540,000	24.6	13,284,000
Rye	196,000	18.2	3,513,000
Flax	570,000	6.8	3,876,000
Alberta			
Wheat	4,566,540	12.9	58,908,366
Oats	2,719,000	32.3	87,814,000
Barley	456,000	23.6	10,761,000
Rye	195,000	14.5	2,827,000
Flax	90,000	5.0	450,000
Aggregate			
Wheat	19,038,700	14.4	274,157,280
Oats	9,522,000	33.0	314,409,000
Barley	1,846,000	23.0	42,330,000
Rye	568,000	15.3	8,680,000
Flax	751,000	6.6	4,981,000

While the crop year just past has not produced the results hoped for, indications are that there is at least no decrease, and perhaps even some increase in the acreage prepared for 1922. This is an encouraging feature.

Livestock Industry

The livestock industry has been struck very hard during the last year. The emergency tariff in the United States has practically prohibited the export of animals, and the British embargo being still in effect no relief has been obtained from that source. In the opinion of many, well qualified to judge, the chilled meat trade offers a profitable channel for Canadian livestock growers, and a thorough investigation as to its possibilities is well worthy of the attention of the proper authorities. The outlook with regard to this important industry is not at the moment cheerful and it is to be hoped that conditions may soon improve.

Lumber and Manufacturing

In common with other productive industries Canada's great staple activity, lumbering has had its share of the business stagnation. Revival of home demands depends on an improvement in rural and industrial conditions. Some slight relief has been afforded by a demand for our lumber from trans-Pacific countries. It is reasonable to hope for an early improvement in the home demand and to expect that the foreign trade will become even more valuable to us than it is at present.

Economic Conditions

The foreign trade of the Dominion shows considerable decrease as compared with previous years, both in quantity and in value. This condition is world-wide, and no immediate improvement seems to be in sight until the finances of Europe are rehabilitated The favorable feature here is that our imports show a greater decrease than our exports, and the unfavorable balance against us for eleven months in 1921 is only $23,000,000 as against $128,000,000 in 1920.

The financial conference now in session in France has immense possibilities and we earnestly hope that the result of its deliberations may be such as to bring about the stabilization of exchanges, with the conse-
A settlement of the difficulties in
quent gradual resumption of world trade.
Ireland seems to be in view, and this undoubtedly will have a most beneficial effect, removing, as it will, a source of grave irritation between the various branches of the Anglo-Saxon peoples.

The Washington conference, too, has already accomplished much, and it is to be hoped that before its labors are completed, many matters at present in dispute between the various participants will have been satisfactorily settled to the benefit of the world at large.

The immediate future of business seems to be largely dependent on these three important questions, and the outcome of each one of them is awaited with deepest interest throughout the world.

Anyone comparing the condition of Canada to-day with that of the United States in 1790, or again, with the period immediately following their Civil War, cannot but be struck by their quick transition under the influence of peace and an established government from a state of bankruptcy and disorganization to an era of progress and contentment. In material resources we are not far behind them and with the energy and ability of our people should we not believe in a correspondingly rapid recovery in the great nation which we are building up in this Dominion?

Soldiers' Memorial

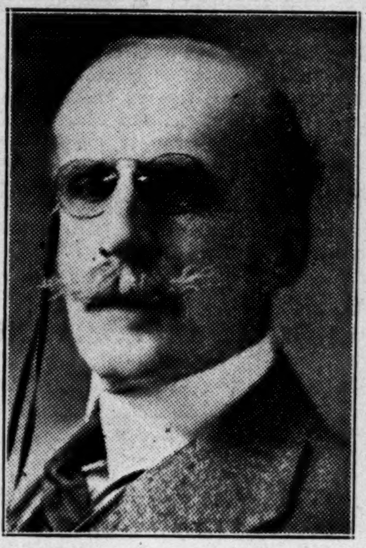
The Directors have for some time felt the duty of setting up some kind of Memorial to perpetuate the memories of those officers of the Bank who gave up their lives in the Great War. The Bank suffered the loss of 119 of these brave and devoted men, and their passing from us in that heroic manner must not go without some perpetual mark of their sacrifice. Various types of memorial methods have been adopted in other instances, but it was your Directors' view that sacrifice of such a nature should be marked by some corresponding service for the good of humanity.

There was initiated by our General Manager a movement in Winnipeg looking towards the establishment of a fresh air camp for children on Lake Winnipeg. He was most ably assisted by members of the Board and other friends, with the result that a multitude of poor children were given a much-needed sojourn in the country, and it was felt by your Board it would be both wise and appropriate to make a liberal donation to firmly establish the camp. Your Directors, therefore, adopted a practical plan which will benefit a needy and deserving class and will effectively preserve the memories of our lost soldier officers. The association formed for that purpose bears the name of "The Lakeside Fresh Air Camp for Children." The location chosen for the work is a beautiful site on the west side of Lake Winnipeg within easy access of the city. The charitable association was formed and the land acquired in the name of the corporation. The land consists of about eighteen acres. The original cost was $8,500. Buildings of about $5,000 in value have been erected on the land. The Directors decided to disburse $10,000 for this memorial purpose. It will take the form of a presentation of a deed to the property to the Lakeside Fresh Air Camp for Children, at a cost of $8,500. The balance of $1,500 will be used to set up a memorial stone in a conspicuous and enduring place on the land, which stone will be marked with suitable words, in commemoration of the sacrifice of those who left the ranks of the Bank for the defence of their country in the Great War. We thus conjoin the memories of those heroic men with the highest class of service to needy humanity.

Advisory Committees

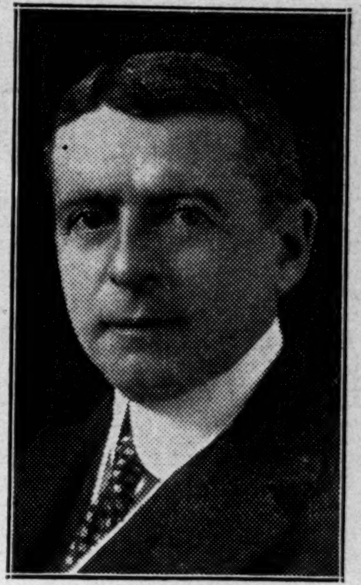
Our Advisory Committees in London, New York, Vancouver and Montreal have rendered valuable service during the year, and we tender to them our sincere thanks and appreciation for their care and supervision of the business under their jurisdiction.

Your Directors feel it to be in the best interests of the Bank that the General Manager and the Chief Counsel should be members of the



W. R. ALLAN,

Elected President of the Union Bank of Canada, to succeed John Galt, who retires from the presidency because of his removal from Winnipeg to make his home in Victoria, B.C. Mr. Galt remains a member of the Board of Directors.



H. B. SHAW,

Elected Vice-President of the Union Bank of Canada. Mr. Shaw will continue as General Manager, the position which he has held for the past six years.

Board, and with that object in view a by-law will be submitted for your approval increasing the number of Directors from twenty to twenty-two. If this By-law is passed, we recommend that Mr. Shaw and Mr. Robson be elected as Directors at this meeting.

It is with great regret that I announce that, owing to my decision to make my home in Victoria, B.C., it becomes necessary for me to relinquish the Presidency of this bank. While not, by any means, free from cares and responsibilities, the duties of the position have been of great interest to me, and the associations continuously pleasant. If re-elected to the Board, I shall continue, as a Director, to devote my time and energies to its welfare, more particularly in the province of British Columbia, where the Bank has a sound and growing business.

In anticipation of the re-election of the present Board, I have been authorized to say that it is the intention of the Directors to choose as their succeeding President, Mr. W. R. Allan, one of the present Vice-Presidents of the Bank. Mr. Allan has, for many years past, given the Bank devoted service as a Director and lately as Vice-President. He is well known to be a man of wide business experience and capacity. In the office of President there is no doubt that Mr. Allan will find a field of great usefulness and that he will therein accomplish very much for the growth and prosperity of the Bank. I have pleasure in testifying that from my association with Mr. Allan in the Bank and in various other interests, I know that he will bring to the position dignity, intelligence and energy. I most heartily wish him every success and hope that for many years to come, he may discharge the important duties of President of the Bank.

In conclusion, may I say that your Directors are entering upon the New Year full of hope and courage. We have a splendid institution capable of enormous development. Conditions existing to-day make forecast difficult, but we are full of confidence in our country, and with the gradual return to normal world conditions, and the continued exercise of that prudence which has marked the conduct of this Bank's affairs, we are sanguine of holding our own and reaping our share of the benefits to be derived through the revival of trade and commerce.

General Manager Reviews Bank Year

Mr. Chairman and Gentlemen.—

We have once more reached that period at which we review the Bank's operations and consider the various factors which have influenced business conditions during the year.

In opening my address to you last year I drew attention to the fact that we had entered upon the long-looked-for period of deflation, and that, consequently, we could not promise such favorable results for 1921.

It gives me pleasure to inform you that the position of the Bank is at the present time a satisfactory one, and our liquid position continues strong.

We have coped successfully with the trying times through which the business community has passed. The statement presented to you indicates a condition of soundness to which we can point with satisfaction, and we are thus encouraged to continue in our present careful but progressive policy.

Comparing the various items of the Balance Sheet with those of last year, we find:

Capital Account and Rest Account: These remain the same as last year.

Profit and Loss Account:

Net profits of $1,342,389.96 after deducting the usual expenses and provision, show a decrease from the previous year of $261,452.43. The net profits are 16.79% as against 20.04% last year, or, if we take the profits on the combined Capital and Rest, the percentage is 9.59% as against 11.45% last year.

You will be pleased to observe that our profits while smaller this year, have been sufficient to enable us to carry forward a very substantial amount to the credit of profit and loss account, the sum being $400,000 greater than a year ago.

Deposits:

The total deposits of the Bank are $116,723,755.48, or $18,600,760.33 less than last year.

Cash Reserves:

Our holdings of gold and silver coin and Dominion notes amount this year to $14,229,729.33, being 10.54% of our total liabilities to the public, as compared with $18,586,316.49 last year, or 12.70%.

Quick Assets

The percentage of Quick Assets to total liabilities to the Public is 53.70 per cent. this year, compared with 54.35 per cent. last year, approximately the same.

Dominion and Provincial Government Securities

Our holdings this year aggregate $15,946,501.28 compared with $8,790,636.23 last year, or an increase this year of 81.40%. This substantial increase is due to larger holdings of short term Provincial Treasury notes.

Canadian, Municipal and British and Foreign Securities

Our holdings this year aggregate $9,618,253.94, compared with $11,900,843.26 last year, a decrease of $2,282,589.32. This decrease represents repayment of Imperial Treasury Bills.

Call and Short Loans in Canada

The figures this year are $3,220,914.03, compared with $5,418,177.66, a decrease of $2,197,263.63 or 40.55%.

Call and Short Loans Elsewhere Than in Canada

The figures this year are $1,461,979.39 compared with $3,119,133.31 last year, a decrease of $1,657,153.92, or 53.12%.

Demand Loans Secured by Grain

The figures this year are $7,295,483.33 compared with $10,732,755.47 last year, or $3,437,272.14 less than last year. This is entirely due to the smaller amount of money required this year by our customers to handle grain, owing to the very heavy decline in the price thereof.

Current Loans in Canada

The figures this year are $62,010,007.68, compared with $69,849,784.93 last year, or $7,839,777.25 less than last year, which equals a decline of 11.22%. A decline of such a substantial amount in our loans, of course, indicates lessened earning power, but deflation is a move in the right direction.

Current Loans Elsewhere Than in Canada

The figures this year are $4,937,468.99 compared with $4,496,251.20 last year, an increase of $441,217.79, or 9.81%.

Liabilities to Customers Under Letters of Credit

The total this year is $2,897,829.36, compared with $3,450,511.93 last year, a decrease of $552,682.57. Conditions at home and abroad have been such the last year or two as to lessen the movement of goods, consequently the covering letter of credit has not been as much in demand.

Central Gold Reserves

The total of our holdings in the central gold reserves is $2,100,000.00 If you will refer to the liabilities, you will note that the total of the Bank's notes in circulation is approximately $2,800,000, less than the year before.

Bank Premises

The figures this year are $2,031,692.12, compared with $985,969.61 last year.

This increase is due to the expenditure of approximately $700,000 for the purchase of properties and erection of buildings in the City of Winnipeg, and for the purchase and suitable alteration of a building in Oshawa, Ontario. The balance represents the purchase of properties and erection of buildings at some twenty-three country points.

We now feel that the Head Office and most of our branches are suitably and comfortably housed and that our expenditure in the direction of bank premises for the next few years should be on a very much smaller scale.

Mortgages on Real Estate Sold by the Bank

There has been an increase in this account of $260,041 during the past year. This is represented largely by the sale of a property which the Bank had taken over for an outstanding indebtedness. A substantial cash payment was obtained, and the security by way of mortgage for the balance due is quite undoubted.

General

I may be permitted on this occasion, by way of review, to scan the more recent past and to comment briefly upon the events and conditions which have conduced to the present financial and commercial condition.

It is present to the mind of every shareholder that at their annual gatherings of recent years emphasis was laid upon the fact that Canada, in common with other countries, had experienced a period of intense inflation of values. The original cause of this was (as I need hardly remind you) the extreme war demand for every commodity, the wastage ensuing thereon, and the high prices caused by that insatiable demand, and the immense volume of credit established in order to provide for the production and movement of the various commodities. This inordinate demand and this huge creation of credit brought about a period of temporary prosperity and business was good. It was, however, the firm view of the directors and officers of this Bank that such an agreeable period was only temporary and that there must naturally but inevitably come a commercial and financial setback for which it behooved every business adequately to prepare. This unpalatable truth found some acceptance but many people were loath to accept such warnings. They became lulled by prosperity into a feeling of security and expected that if one basis of prosperity went another would come. In this instance it was thought that war demands and emergency credits would find their counterparts in reconstruction efforts and in special financing therefor. But inflation came to its inevitable end. No period of grace intervened. Demand for commodities rapidly shrank, almost to the vanishing point, bringing in consequence a fall in prices which shook many a sound commercial structure. That economy which before had been enjoined time and again became a matter of stern necessity. Personal consumption has now been materially reduced and personal enterprise, if proceeding at all, is of a very guarded nature. Public undertakings of every character have almost ceased, or, at least, have become much restricted. This transition based upon readjustment of values has been conveniently called "deflation." It has come upon the country with suddenness and with force. However, while these truths are not to be gainsaid, and there is no wisdom in closing our eyes to them, there are some relieving features. One is that Canada's commercial and financial fabric has maintained itself against the threatening tide with wonderful steadiness and has thus given proof that the general confidence, both here and abroad, in our country's commercial soundness has been abundantly justified.

In this state of things it was strongly felt that it was the duty of the bank as far as it could possibly do so, to assist its mercantile customers during the period of deflation and to enable them to pass through it without anything in the nature of misfortune. By wise forbearance here and there the bank has, in great measure, eased, and in many cases entirely prevented, what might have been an unfortunate situation. This policy has been found to be entirely justified. We have no doubt of ultimate recovery and restoration of normal conditions and firmly believe in adopting a course which will enable the passing experience to be borne with equanimity.

While these remarks pertain to commercial affairs throughout Canada we have had to sustain disappointment in conditions in the Prairie Provinces. These conditions are all too well known. With an aggregate crop of satisfactory dimensions, apparently only awaiting removal from the field to a fair market, we were suddenly faced with losses in quantity of grade owing to bad weather in harvest and this was followed by a heavy fall in the market price. These misfortunes, coming one on the other, produced a particularly difficult situation. Nothing in these facts can for a moment qualify our confidence in the country nor do they cast the slightest doubt on the production and huge agricultural possibilities of the provinces. These fortuitous circumstances, however, coming on us when we were rejoicing in the assurance of both individual and general prosperity in the west, were particularly regrettable. It is to be recognized that these conditions have caused difficulties for many farmers and the direct result upon financial institutions and merchants coming just at the time of deflation, is somewhat discouraging.

Crop Movement

From September 1st to December 31st, there was approximately 176,000,000 bushels marketed at country points, as compared with 151,000,000 for the same period a year ago. Of this amount 160,000,000 bushels have been placed on cars, thereby leaving 16,000,000 in country elevators. Approximately 138,000,000 bushels were unloaded at the terminals at Fort William and Port Arthur. The balance, less than in transit, would be accounted for by the requirements of interior mills and shipments to the Dominion interior elevators and to the terminal at Vancouver.

From the terminals at Fort William and Port Arthur durinf the period named there was shipped 118,000,000 bushels, as compared with 89,000,000 bushels the preceding year. Of the amount so shipped 116,000,000 bushels were shipped by the lake route and 2,000,000 bushels all rail. On the basis, therefore, of a total crop of 275,000,000 bushels after deducting seed and feed requirements of 40,000,000, there would appear to be 60,000,000 bushels still in farmers' hands to be marketed, plus 16,000,000 bushels in country elevators less advances made against the latter. A comparison of the average prices on the basis of No. 1 Northern in store at Fort William and Port Arthur, as compared with the preceding year, works out as follows:—

	1920	1921	Decline
September ..	2.73½	1.48⅛	45.84%
October	2.31⅞	1.15½	50.19%
November ..	2.05	1.10⅞	45.91%
December ...	1.93½	1.13⅜	41.41%

Some idea of the magnitude of these drastic declines in prices as they affect the wheat producer will be realized when it is stated that for the months of September, October and November the wheat delivery at country points in 1921 was 151,000,000 bushels valued at $143,000,000, as compared with 133,000,000 bushels with a value of $272,000,000 the preceding year.

Included in the general fall of commodity prices were those of livestock. This condition cannot be lasting and it is only reasonable to expect a quickening of the demand on which this important interest depends.

It should be obvious to all that the setting in of the heavy deflation referred to, together with the crop disappointment, caused considerable shrinkage of deposits all over the system, reflected in our figures this year.

In our operations where agricultural interests are concerned it has been the policy of this bank not only to extend reasonable credit in every case of a permanent resident of industrious type, but, in such emergency as the present, to grant such extension and forbearance as the circumstances may require. There has been no undue pressing, as it has been strongly felt that regard for these important interests necessitated a policy of co-operation with our agriculturists. The difficulties of these men have been greatly enhanced by the scarcity of funds which should be available for capital purposes. The great withdrawals of moneys placed by foreign investors on farm loans have materially reduced the supply for fixed capital purposes. The result of this has been that a heavier burden has been thrown upon the banks until money for fixed purposes at terms of years becomes available again.

Staff

Our staff now totals 2,080, of whom 1,588 are male, and 522 female.

Again I have pleasure in testifying to their zeal, and to the satisfactory manner in which they have performed their duties, as well as to the loyalty and devotion which they manifest at all times in the service of the bank.

It is with regret that the staff of the bank learn that owing to his removal from Winnipeg, Mr. Galt is about to retire from the presidency of the bank. He has occupied the position of president since the bank moved its head office from Quebec to Winnipeg in 1912. It is largely due to his untiring interest and wise guidance that we occupy the position that we do to-day. His ideals have been an inspiration to us, and I take this opportunity of publicly acknowledging the debt which we all owe to him. It is with the utmost satisfaction that we learn that he is still to remain an active member of the Board.

To the incoming President, Mr. Allan, we pledge our loyalty and personal service in the full confidence that he is the man fitted to maintain the high standard set by his predecessor.

In conclusion, I should like to say that I feel that we are justified in looking forward to the coming year in the hope of somewhat better times. In the meantime it is our duty to maintain a quiet mind, to exercise patience, and to do our share in maintaining that confidence which is necessary to a restoration to normal conditions.

General Proceedings of the Meeting

The chairman informed the meeting that the retiring auditors were eligible for re-election and that no other nominations had been received. It was then moved by Mr. W. W. McMillan and seconded by Mr. C. D. Shepard that Messrs. T. Harry Webb, C.A., and E. S. Read, C.A., of the firm of Messrs. George A. Touche & Co., be re-appointed as auditors of the Bank.—(Carried).

It was then moved by Mr. W. W. McMillan and seconded by Mr. C. D. Shepard, that a sum not exceeding $10,000 be set aside by the directors for the remuneration of the auditors, to be apportioned by them as deemed advisable.—(Carried).

The Chairman then explained the desirability of amending the Shareholders' by-laws to provide for an increase in the Directorate, and asked the Secretary to read the proposed amending bylaw. It was then moved by Mr. F. E. Kenaston and seconded by Mr. G. M. Black, that the bylaw be passed and enacted by the Shareholders accordingly.

It was moved by Mr. R. R. Scott and seconded by Mr. M. J. Macleod that the meeting proceed to the election of twenty-two Directors for the ensuing year, the Chairman to cast one ballot for Messrs. W. R. Allan, G. H. Balfour, G. M. Black, Hume Blake, K.C., M. Bull, Sir John W. Carson, C.B.; B. B. Cronyon, E. L. Drewry, S. E. Elkin, D. N. Finnie, John Galt, S. Haas, A. Hitchcock, J. S. Hough, K.C.; F. E. Kenaston, W. H. Malkin, R. O. McCulloch, Sir William Price, H. A. Robson, K.C., H. D. Shaw, William Shaw, and Geo. H. Thomson.

It was moved by Mr. S. P. Clark and seconded by Mr. J. Woodman that the thanks of the shareholders be tendered to the honorary president, the president, the vice-presidents and the directors of the Bank, for their valued services during the year.

Mr. Isaac Campbell, K.C., then moved a vote of thanks to Mr. John Galt, the retiring president. Mr. F. W. Drewry seconded Mr. Campbell's motion.

Mr. Campbell spoke as follows:

"At any ordinary meeting this motion would speak for itself, but the circumstances to-day are so unusual and striking that perhaps there should be pronounced in support of the motion a few words, however inadequate.

"The Union Bank has had a line of great presidents. To mention only three—Hon. Edward Price, Andrew Thomson, and Hon. John Sharples, all of them men of courage, wisdom and wide knowledge of business and public affairs, and through their dealings with their customers and with the public, they gave the bank a high tradition of honor and character. It was a fortunate thing that when the Head Office found its site in the West, nearly ten years ago, Mr. Galt, a Winnipeg man, was made the President. He had qualified for it by thirty years of successful business life, during which he had taken an interest in many enterprises outside his immediate business concerns, and through which he had won the confidence and regard of the financial world. Indeed, he had illustrated the stock from which he came—his distinguished father being still recalled in Canadian history as one of our ablest finance ministers.

"And now, as Mr. Galt retires, everyone agrees that he has not only sustained the high traditions of the bank, but he has increased and enhanced them. To-day, are we not, however, thinking more of John Galt the man, than of him as retiring President? Winnipeg is losing one of her very best citizens, and the emotion of this meeting when the announcement was made was a testimony to his worth. Many here today have known him for just forty years, a few for a longer period, others a shorter term, but all, whatever the time of their acquaintance, have come to regard him, not only with confidence and esteem, but also with affection. The sense of our loss is therefore acute. Perhaps some of us condemned to reside here until we are translated to heaven may feel the sense of bereavement when one of our best citizens finds what he thinks a more fortunate place to reside. But we can rejoice that Mr. Galt's health is greatly improved and that he will not be lost to the bank, as we have kept him on the Board of Directors. The bank will not, therefore, lose his wisdom, his business knowledge and discretion, just as Canada will not lose his deep and abiding patriotism and I trust, Sir, that when you communicate the resolution to him you will assure him for this great company of men assembled here today that all of us wish him well."

Mr. F. E. Kenaston then moved special vote of thanks to the Advisory committees.

Economic Conditions in the United States

In moving the adoption of the resolution of thanks from the shareholders to the several advisory committees of the Union Bank of Canada I desire to call attention to this fact, the Union Bank of Canada was one of the first financial institutions to adopt a policy of appointing an advisory committee at its prominent branches particularly in foreign countries. That this policy is a sound one is evidenced by the fact that it has been copied by others, notably by the National City Company of New York, one of the largest financial institutions in the United States.

The gentle men selected for these important positions are of wide experience, large affairs and of known integrity in their respective communities. I will use the agency of the Union Bank of Canada in New York as an illustration. This is one of our most important branches. The members of the advisory committee there are Stuyvesant Fish and G. G. Thorne, both outstanding men, in the business and social life of New York city; men of large personal affairs, whose time is valuable but, who, for the sake of promoting the best interests of the Union Bank of Canada in New York, are willing to sacrifice their time to attend meetings to pass upon transactions going through our New York agency with just as keen an interest as they would give to their personal affairs. Certainly, Mr. President, we as shareholders can do no less than extend to these gentlemen and others occupying like positions our most cordial thanks for their valuable efforts upon our behalf.

I have been informed that I am expected to say something of conditions in the United States. In doing so I hope to bring as cheerful a message as the circumstances warrant. We are confronted with many problems growing out of the Great War's aftermath. The dislocation of business and of industries occasioned by our needs in raising and equipping an army of 4,000,000 men, under selective draft, created a domestic situation which has given much trouble since. Out of this we are now slowly emerging.

So far as the financial situation of the United States is concerned we have enormous quantities of money for investment purposes in high class securities, among which I may say your Dominion and Provincial bonds are reckoned as leaders. There is a strong and deep feeling of affection for Canada throughout the United States which is given a pronounced expression among our financiers whenever Canada wants to float a loan.

I believe that the troublesome conditions prevailing in our central west are about the same as those in Western Canada although there are more of them. We are agricultural at base the same as you, and agriculture as well as industry is at low ebb. Our banks, in an heroic effort to maintain business equilibrium are carrying large amounts of what is now termed "frozen loans," loans of manufacturers and merchants, who were unable either to market their products, or to collect payments upon marketed goods. Consequently, in turn, they are unable to discharge their obligations. It will require time and patience on the part of all to produce satisfying results.

There appear to me to be two outstanding reasons for business depression with us. This will be clearer when I say that our domestic trade reaches an enormous aggregate under normal conditions. Just now it is sub-normal.

The two conditions I refer to are transportation and labor. The excessively high freight rates prevailing at a time of low crop yields and low prices takes altogether too much of the farmers' products both for marketing and for purchase of his farm needs. Yet the railways with few exceptions are making no profits.

The railways in the United States are controlled by the Interstate Commerce Commission and railroad labor is controlled by a Government Labor Board, both as to working conditions and wages. The outrageous 118 rules of railway labor fastened upon the country by Mr. William McAdoo during the war, many of which are still in force, have been a source of great loss and damage to the railroads and their patrons. Therefore, in any attempt to rectify this most undesirable condition it would be necessary to begin at the bottom, reduce wages of railway employees to a fair amount, apply the open-shop rule and insist upon a fair day's work for a fair day's pay; at the same time reducing freight tariff correspondingly.

That the railway employee who helps haul the products of the farm to the market should be paid so much more in proportion than the producer's return is a situation which must be rectified before we can hope for complete restoration of the old swing in business.

Our statesmen at Washington for some time have been active in political groping for some nostrum that would cure all of the diseases of the body politic. They have enacted a number of measures designed to remedy the evils as they understand them. Many of these laws relate to more easy systems by which farmers may be able to borrow money. There seems, however, to be a growing feeling that too much effort is given to promote borrowing and too little to debt-paying.

After all this legislation and proposals of legislation we are getting back to the fundamentals. There are certain economic laws which no legislation can overthrow, and many of us are coming to the belief that we will reach the desired point of normalcy much sooner by considering these fundamentals as applied to economics and practising the most rigid economy. We will, however, not withhold such aid and assistance, as we are able to lend to our friends and neighbors, on every occasion. As it appears to me it is a time when men in every walk in life must pull together and uphold each other in every honorable way for the common good.

It was moved by Mr. W. J. Christie and seconded by Mr. J. Turnbull that the thanks of the Shareholders be tendered to the General Manager, Assistant General Managers, Superintendents, Inspectors, Managers and other officers of the Bank for their efficient services during the past year.

Mr. J. W. Hamilton, Assistant General Manager, responded briefly on behalf of the staff.

The meeting then adjourned.

At a subsequent meeting of the newly-elected Board, the following officers were elected: Sir William Price, Honorary President; Mr. W. R. Allan, President; Mr. G. H. Thompson, Mr. Stephen Haas and Mr. H. B. Shaw, vice-Presidents.

C. A. NEEL, Secretary.

IMPERIAL FEELS EFFECT OF POST-WAR ADJUSTMENT

Volume of New Business Shows Decline From Previous Year

MORTALITY RECORD

Dearth of Epidemics During Year and Death Losses Light —Assets Continue to Expand

Post-war inflation and industrial expansion which reached the zenith in the midsummer of 1920, has been followed by a prolonged and widespread depression which has extended to practically every line of business enterprise. This has led to a large volume of unemployment, and a radical decline in the purchasing power of the public. This situation has had a direct bearing upon the life insurance, along with practically every other line of business, and the majority of insurance companies, have felt the effect of this lower purchasing power in the decline of new business written. This has been a common experience of the insurance companies, and has been accompanied by an unsatisfactory condition in the increased demand for policy loans.

The financial statement of the Imperial Life Assurance Co., which was issued this week, reveals the influence of these external conditions in a decreased volume of new business. The new insurance issued and revived during the year amounted to $23,980,734, as compared with $31,152,071, for 1920, the record year in the company's history. The total insurance in force was increased by $12,767,373, and stands at $128,968,720. Cash income for the year was $4,429,289, and from interest $1,059,293, the aggregate representing an increase for the year of $514,781. Benefits disbursed to policy holders $255,743 in excess of the previous year. One of the most satisfactory experiences of the insurance companies was the very favorable death record, there being a complete absence of epidemics of any kind in this country.

The assets total $22,079,986, an increase of $2,769,583. Bonds and debentures comprise 50 per cent. of the total assets and the average rate of interest earned on all invested funds was 6.32 per cent. a decline of .01 per cent. from the previous year.

A further strengthening of reserves is noted and these now stand at $18,511,054 an increase of $2,492,825. Policyholders' net surplus was increased by $164,474, and amounts to $2,280,332. The surplus of $931,217 from the year's operations is the largest of any year in the company's history. Loans on policies have increased from $2,366,732 to $2,935,265.

RAILROAD EARNINGS.

Earnings of the Canadian National Railways for the final period of December amounted to $2,478,465 as compared with $2,939,386 for the corresponding period in 1920, a decrease of $460,921 or 15.6 per cent. For the year the earnings totalled $109,461,926, a decrease of $191,348.

The Grand Trunk reports earnings for the ten-day period ending December 31, amounting to $2,400,034, a decrease of $1,321,920 or 35.5 per cent. For the first week of January the earnings totalled $1,429,337, a decrease of $529,104 or 27 per cent.

For the first week of January earnings of the Canadian Pacific Railway amounting to $2,426,000 showed a decline of $877,000 or 26.5 per cent.

STOCK MOVEMENTS OF THE WEEK

Week Ending January 10.

BANKS—	Div. Rate.	Ask.	Bid.	High.	Low.	Close.	Sales
Commerce	12+1	184	183	184	182½	183	94
Dominion	12+1	196	...	196½	196	196	45
Hamilton	12	170	169	172½	169	169½	49
Imperial	12	175	174	174¾	172	174	83
Molsons	12	169	...	170	168½	168½	236
Montreal	12+2	...	216	217*	216	217*	321
Nationale	12	130	...	130	130	130	10
Nova Scotia	16	253	251	253	252	252	86
Royal	12+2	...	200	200	200	200	450
Standard	14	203	...	204	202	203	39
Toronto	12	...	186	188	185	186	32
Union	10	142	140	142	141	141	29
INDUSTRIALS, UTILITIES, ETC.							
Abitibi Pulp & Paper, com.	..	30½	29½	30¾	30¼	30½	490
Ames Holden, pref.	..	26	..	25	25	25	20
Amer. Salesbrook Com.	..	10	9	9	9	9	146
Amer. Salesbook, pref.	7	80	79	79	78¾	79	52
Asbestos Corp., com.	6	..	48	48½	48⅜	48½	80
Asbestos Corp. pref.	7	75	..	75	75	75	12
Atlantic Sugar, com.	..	24½	24	27	24	24	1500
Barcelona Traction	..	4	3¾	3¾	3½	3¾	60
Bell Telephone	8	..	105	106	104	105	155
Brazilian Traction	..	28½	28⅜	28¾	27⅞	28⅝	2341
B. C. Fishing	..	23	20	20	20	20	50
Brit. Empire Steel, com.	..	..	9	9¼	6	9	392
Brit. Empire Steel, 1st pref.	..	..	60	60¾	60	60¾	11
Brit. Empire Steel, 2nd pref.	..	..	23	23½	22¾	23¼	120
Brompton Pulp	..	19¾	19½	20¾	20	20	957
Burt, F. N., com.	10	106¾	106	107	106	106¼	141
Burt, F. N., pref.	7	109	108	108½	108½	108½	13
Canada Bread, com.	..	28½	28¼	28¾	26⅞	28⅝	325
Can. Car & Foundry, com.	..	..	20	18½	18	18½	30
Can. Car & Foundry, pref.	..	..	46¼	47¼	47	47¼	50
Canada Cement, com.	6	54	53	55½	53¼	53½	509
Canada Cement, pref.	7	..	89	90	90	90	104
Canada Steamships, com.	..	16½	15¾	15½	13¼	15½	432
Canada Steamships, pref.	..	46	45	46	43	45	1017
Can. Converters	7	70½	..	70	70	70	75
Can. Cottons, com.	8	81½	80	82¼	81	81	220
Can. Cottons, pref.	6	80	77½	80	80	80	30
Can. Gen. Electric, com.	8	93	92	95	92	92⅝	1104
Can. Gen. Electric, pref.	7	102½	101½	102½	102	102¼	56
Can. Locomotive, pref.	7	..	81½	80¼	80¼	80¼	10
Can. Pacific Railway	10	128	127½	128½	126	128	358
City Dairy, com.	7+3	..	91	85	85	85	2
City Dairy, pref.	7	90	88	89	89	89	25
Consumers' Gas.	10	..	75	75½	72	75½	225
Crow's Nest Pass Coal	6	50	..	47	47	47	15
Detroit United Rly.	10	72½	71	72½	70	72	216
Dominion Bridge	8	60	..	61	56½	60	1680
Dom. Canners, com.	..	26½	25	28	25½	26½	97
Dominion Canners, pref.	7	76½	..	76½	76½	76 1-2	5
Dominion Glass, com.	6	56	..	58	57	57	195
Dominion Glass, pref.	7	89	88	88¾	87½	87½	16
Dom. Telegraph	6	.	35	37	37	37	97
Dom. Textile, com.	12	..	135	135½	135	135	268
Dom. Steel Corp., com.	..	25½	24½	25	24½	24¾	42
Dom. Steel Corp., pref.	6	67	...	66	66	66	15
Duluth-Superior	..	16½	15½	16	16	16	95
Howard Smith Paper, pref.	8	..	..	86	86	86	5
Illinois Traction, com.	..	26½	..	26½	25	26½	470
Illinois Traction, pref.	6	..	75	74½	73	74	90
Lake of the Woods, com.	12	..	140	141⅛	140	140	19
Laurentide Paper	6	73½	73⅝	73	73	73	101
Lyall Construction	4	..	31	33	32	32	308
Mackay, com.	6	80	79	79½	76¼	79½	285
Mackay, pref.	4	..	64	64	64	64	50
Maple Leaf Milling, com.	12	..	120	125	113	125	200
Maple Leaf Milling, pref.	7	..	97½	98½	98	98	23
Monarch Knitting, pref.	7	80	76	80	75	75	15
Montreal Cottons, pref.	7	104¼	104	104¼	104¼	104¼	70
Montreal L. H. & Pr. Cons.	5	88⅛	87⅞	88⅛	88	88	1658
Montreal Tramways	10	..	146⅛	147¼	146	146	1089
National Breweries, com.	4	55¼	54¾	56	54¾	56	1015
Ogilvie Flour, com.	12	185	180	185	185	185	15
Ogilvie Flour, pref.	7	...	105	105	105	105	16
Ont. Steel Products, com	8	38½	..	40	37	38	45
Ottawa L. H. & Pr.	6	..	73	72½	72½	72½	25
Ottawa Traction	4+1	73	..	73	73	73	32
Penmans, com.	8	102	98	100	99	100	85
Porto Rico Railways, com.	4	35	..	30	29½	29⅝	180
Quebec Rly.	..	24½	23½	23½	23	23	730
Riordon Pulp, com.	..	5	4	4½	4½	4½	75
Shawinigan W. & Pr.	7	106	105⅞	106	104½	106	281
Sherwin Williams, pref.	7	..	..	88¼	88¼	88¼	75
Spanish River Pulp, com.	7	..	56	56½	56	56	272
Spanish River Pulp, pref.	7	..	69	69½	68½	69¼	348
Steel of Canada, com.	7	..	57	59¼	57¼	57¼	1405
Steel of Canada, pref.	7	..	93	96	91½	96	86
St. Maurice Paper	8	96	..	95	95	95	5
Toronto Railway	..	68	67	67½	66	67	321
Twin City, com	..	37	36½	37	34½	37	54
Wabasso Cotton	4	..	53¼	53½	52¾	53½	22
Winnipeg Electric	..	34	33	34¼	33	33½	430
Woods Mfg. Pref.	7	..	67	67	67	67	15

CANADIAN COTTONS PREFERRED WORKS UP

Active Demand for Company's Production Influences Investment Demand

From Our Own Correspondent

MONTREAL.—Relatively strong demand for the products of the cotton textile mills, has drawn the attention of investors apparently to Canadian Cottons preferred. This stock has never been known as an active one on the Exchange and few shares were traded in during the whole of last year. In the last week or so an active demand has started and the price has gradually run up from 73-74 to 81. At this latter price the yield is about 7.4 per cent. as the stock pays 6 per cent. dividend.

UNLISTED SECURITIES

	Bid	Asked
Algoma Steel 5's 1962	44	45½
Alta. Pac. Grain	120	125
Do pref.	80¼	81
Brit. Amer. Assurance	4½	5
Burns, P., 1st Mort. 6's	103	....
Can. Machinery 6's	73½	76
Can. Woolens	17	18
Canadian Oil	52	55
Canadian Salt 6's	80	....
Can. Westinghouse	105½	....
Cockshutt Plow 7 % pref.	44	46
Collingwood Ship Bld. 6's	92	....
Cuban Can. Sugar pref.	....	10
Cuban Can. Sugar com.	2¾	4
Davies Wm., 6's	98½	....
Dominion Fire	45	50
D. Iron & S. 5's 1939	68¼	69¼
Dom. Power	16½	18
Do. pref.	79	84
Dunlop Tire, pref.	85	87
Do., 6's	90	....
Excelsior Life	25	29¾
Famous Players, pref.	63½	65
Goodyear Tire, pref.	54½	55½
Morrow Screw 6's	80	85
Murray-Kay, pref.	55	57
National Life	40	....
Neilson, Wm. 6's	80	85
Nova Scotia Steel 6% deb.	72½	....
Ontario Pulp 6's	86	88½
R. Simpson pref.	78	79
Sterling Bank	105¼	105¾
Sterling Coal	22	24
Trust and Guarantee	68	70
Western Assurance	5	6½
Toronto Power 5's 1924	94	....
Can. Cons. Felt, pref.	50	....
Galt Brass	....	40
Gunn's Limited pref	57	59
Home Bank	97½	100
Imperial Oil	106	110
Harris Abbatoir 6's	90½	93
Inter. Milling 6's	90	....
King Edward Htoel 7's	80	....
Lake Superior Paper 6's	86	88
Lambton Golf	410	430
Loew's Ottawa	2¼	2¾
Manufacturers Life	36	40
Massey Harris	63	65½
Mattagami Pulp	....	10
Do., pref		25
Mercantile Trust	97	....
Merchants Fire	41	....
Mexican North Power 5's	7	8½
Riordon com. (new stock)	⅝	¾
Do. pref (new stock)	6	7½
Whalen Pulp com.	8	12

THE CANADA TRUST COMPANY

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OUR January list of Offerings of Trustee Investments is now ready for distribution. Copies gladly supplied on request.

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THE MERCHANTS BANK of CANADA
QUARTERLY DIVIDEND

A dividend of 1½% for the current quarter, being at the rate of 6% per annum, upon the paid-up capital stock of the bank, has been declared payable on 1st February next to shareholders of record on the evening of 14th January.

It will be noted that this dividend is approximately equivalent to the quarterly returns the Merchants Bank shareholders will receive in ordinary course in future after they exchange their shares for Bank of Montreal shares under the agreement now before the shareholders.

By order of the Board,
H. B. MACKENZIE,
Acting General Manager.
Montreal, 3rd January, 1922.

THE CANADIAN BANK OF COMMERCE

Reports presented at the 55th Annual Meeting showed a satisfactory increase in percentage of quick assets to liabilities, though a slight reduction in profits due to general business contraction. A note of confidence expressed in progress toward normal conditions in Canada.

Sir Edmund Walker, the President, occupied the chair and the Directors' Report for the year ending 30th November, 1921, was submitted, including the Profit and Loss Statement, as follows:—

The balance at credit of Profit and Loss Account, brought forward from last year, was	$1,783,979.37
The net profits for the year ending 30th November, after providing for all bad and doubtful debts, were	3,116,136.72
	$4,900,116.09
This has been appropriated as follows:—	
Dividends at twelve per cent. per annum and bonus of one per cent.	$1,950,000.00
Dominion and Provincial Government taxes and tax on bank note circulation	325,000.00
Written off Bank Premises	500,000.00
Transferred to Pension Fund	178,370.69
Balance carried forward	1,946,745.40
	$4,900,116.09

The Chairman requested the General Manager to address the shareholders.

GENERAL MANAGER'S ADDRESS

The contraction in business, to which I referred when addressing you a year ago, has continued unabated down to the present time; indeed it increased in severity throughout the greater part of the year just closed. It has been a time of testing for the financial policies of all business, and particularly of banks, searching out the weak spots and revealing the true outcome of plans adopted under much brighter auspices. It has been a source of much gratification to us to find that policies adopted by this Bank after full consideration, with a view to warding off the evil effects of just such a period as the present, have proved as efficacious as we had hoped, enabling us to view the present with equanimity and to look forward to the future with confidence.

A Satisfactory Showing

The net profits of the Bank during the year amounted to $3,116,136, or about $190,000 less than a year ago. Considering the difficulties with which the situation has been beset, and the steady shrinkage in the volume of all business, resulting in our case in a smaller amount of loans on which to earn a profit, we venture to think that you will regard this as a satisfactory showing. We have been able to provide out of it the regular dividend of twelve per cent., and a bonus of one per cent. paid last December. We have set aside $325,000 for the very heavy burden of taxation levied by the various Governments under whose rule we transact business, $500,000 for Bank Premises Account, $178,370 for the Officers' Pension Fund, and finally carry forward into next year's accounts, at the credit of Profit and Loss, a balance of $1,946,745, or $162,766 more than a year ago. The writing off of $500,000 from Bank Premises Account is in pursuance of our expressed policy of carrying our premises on our books at approximately 50 per cent. of their cost. We referred last year to having been able to acquire premises for several of our branches in the West Indies and South America on favourable terms, and the purchase price of these is reflected in this year's statement, accounting for the principal part of the increase in the item of Bank Premises in our balance sheet.

Delay in Building

We are much in need of a new building for the Head Office, for which, as you know, the necessary additional land adjoining this building has already been acquired. The existing buildings have been made to house the various departments of the Head Office and the Toronto branch to the best advantage we could arrange, but the limit of adaptability in this respect has about been reached, and the scattered and more or less haphazard arrangements with which we are obliged to be satisfied are not conducive to either efficiency or economy. The excessive cost of building operations has made it impossible for us up to the present time to embark on an operation of such magnitude as is necessary to meet our requirements. In this connection it may be pointed out that in all parts of Canada there is a large programme of building in prospect, the carrying out of which only awaits more stable conditions in the form of lower prices for materials and labour, and a return of labour efficiency.

Influence of Lower Prices

The decrease of somewhat over seven million dollars in notes of the Bank in circulation, which now amount to $23,477,574, is, of course, the direct result of lower prices for commodities and of the contraction in the volume of general business. Owing to lower prices a much smaller amount of money is required to handle a given quantity of goods than a year ago. The same influences have had their effect on deposits, which now stand at $353,155,200, of which about 254 millions bear interest, the balance of 99 million being non-interest-bearing. I have already mentioned the decrease in the Bank's loans, which is a natural accompaniment of the decrease in deposits and circulation. The item of Bills Payable shows an increase, standing now at $2,758,126, or somewhat more than double the figures of a year ago. This reflects the return of more normal conditions in the principal money centres abroad, and is also in a measure a tribute to the standing of this Bank in the foreign exchange markets. Acceptances under Letters of Credit show a large decrease, owing to the inactivity of foreign trade at the present time.

Strong Reserves

Cash on hand and in the Central Gold Reserves, that is, the Bank's holdings of gold and silver coin and Dominion notes, stands at $65,162,871, and represents an increase in proportion to our present liabilities by way of deposits and note issue, from 15.9 per cent. to 17.3 per cent. There has been a similar increase in the proportion between "quick assets" and these liabilities, from 48 per cent. a year ago to 49 per cent. at the close of November last. We have thought it well to maintain ample reserves at all times under present unsettled conditions. There are several important changes in the items comprised in the term "quick assets." Thus, the amount of cheques on other banks held at the end of November shows a large decrease as compared with the figures of the previous year. The reasons for this are, of course, the general inactivity of business and lower prices. There have been some considerable changes in the Government securities we hold. During the year the British Government continued to reduce its indebtedness to the Canadian banks by payment of the short term securities which the latter hold, and we took the opportunity of investing a corresponding sum, at the favourable rates which prevailed in the bond market, in the securities issued by our various Provincial Governments. During the year we paid off all our borrowings from the Dominion Government under the Finance Act. Loans and Discounts in Canada, other than call and short loans, amounted to $206,588,328, and those elsewhere to $23,334,479. We still hold an outstanding position in the first of these two items, which represents roughly the measure of service rendered to the commercial and industrial business of Canada, and to its agricultural interests. There has been an increase in Overdue Debts, but it is small when compared with the total volume of our business and when the conditions that prevail are taken into consideration. We have provided amply for all possible loss, and believe the figures at which this asset stands in our books to be undoubtedly conservative.

Sound Commercial Loans

Our total assets show a decrease of between 10 and 11 per cent. as compared with the figures of a year ago, which is more than accounted for by the decrease in commodity prices. At the end of November, 1920, the total assets of the Bank stood at $480,760,000, and at the end of August last, nine months later, they had been reduced to $378,814,000, that is by about $102,000,000, or over 21 per cent. This was not caused by any set policy of contraction or enforced liquidation, but simply by the natural, orderly and voluntary payment of debts by our customers in the face of the depressed business situation. Naturally, it affected our earinng power for the time being, and has resulted in lower profits for the year, but we look upon it as most striking evidence as to the soundness of our commercial loans and as to the liquid position of our other assets. It shows, too, that the business of the Bank is well diversified and not bound up with the fortunes of any one industry. You will have noticed, however, from the balance sheet in your hands that the total assets of the Bank as at November 30th last amounted to over $428,000,000. This increase is owing largely to our activities in connection with the movement of the crop of last autumn.

In some quarters it has been stated that too large a proportion of commercial loans was the cause of recent banking difficulties. More recent information would seem to indicate that these difficulties arose from advances to brokers and others interested in unsound enterprises. This Bank will resolutely continue to set its face against fostering such enterprises, while carefully avoiding any discrimination against legitimate business.

Careful Administration

There has recently been some discussion in the public press of the reliability of the annual statements published by the banks and of the auditors' certificates attached to them. I should like to lay frankly before you the precautions with which we have surrounded the administration of the trust committed to our care, of which that part which bears the ultimate risk is the money which you as shareholders have invested in the business. I wish to say emphatically that the safety of your investment does not depend upon my own unaided judgment, nor upon that of any other single officer of this institution. We have departments at Toronto, Winnipeg, Calgary, Vancouver, Sherbrooke and Halifax, for the purpose of supervising the loans of the Bank. These departments are headed by senior officers of proved judgment and experience in lending money, and they are assisted in their work by some of the best and brightest of the younger men on our staff, specially selected for the purpose. The training these men receive in these departments in the handling of credits is looked upon as offering the best opportunity this Bank can give for future promotion and usefulness. Under the personal guidance and oversight of the head of the department they check and scrutinize the judgment exercised by the various local managers in making loans. In addition, all loans or credits over a certain sum have to be passed upon by the Credit Department at Head Office and by your Board of Directors. Every year a statement signed by three of the senior officers of the Head Office in charge of credits is submitted to the Board, certifying that every credit which should come before the Board, has been submitted to it.

Ample Provision

The procedure I have described is that which is applied to all the current and active business of the Bank. The comparatively small number of accounts in connection with which there are slow or dragging advances, are subject to the additional test of an annual review by the Superintendents and the Chief Inspector. This takes place in the autumn of each year, and whenever in the judgment of these officers there is doubt as to the ultimate collection of the face amount of any debt, full provision for the estimated loss is made, either by writing down the debt in the books or by setting aside ample provision for it in a contingent account. The same procedure is applied to all the miscellaneous assets of the Bank, such as bonds and stocks held as investments, or other items which have come into its possession as security for debts incurred to it. The provision which is thus made for bad debts is so ample that every year a certain amount is recovered from debts previously written off our books, and we have a special organization in the Head Office to look after these written-off debts and to see that nothing is left undone which is necessary to protect the Bank's interest in them. I should like to repeat what I drew attention to at the beginning of my address to-day, that the policies deliberately adopted by this Bank to govern its methods of lending money, with a view to protecting it from bad debts, especially under such adverse circumstances as we have passed through during the past year, have proved most effectual, so that the ratio of bad debts to total loans over a series of years shows a marked decrease.

A Thorough Audit

As to the auditors' certificate, the auditors whom you elect each year are chartered accountants belonging to well-known firms of established reputation. They are voted each year at these annual meetings a considerable sum for their services, namely, $20,000, and undoubtedly they put forth their best endeavours in the discharge of their duties. They visit a number of the principal offices of the Bank, and in addition to verifying the accuracy of the records, and the physical existence of the cash and securities held as investments or as collateral for loans, they carefully examine the annual review of all slow or dragging loans and investments, of which I have spoken, and for their own satisfaction are placed in possession of the evidence upon which our estimate of the value of such assets is based. If this does not satisfy them, they are at liberty to make such independent investigations as their judgment may dictate. In our opinion their work is well and thoroughly done.

As a result of the general contraction of business, it has become almost a problem to provide employment for the large clerical staff built up in more active times. We have found it necessary to release a number of our temporary employees, both men and women, although in many cases this step was taken only with great reluctance. It had, however, become incumbent upon us, not merely on account of existing conditions, but also to accelerate the training of our junior officers, many of whom had been retained on purely junior duties for an undue length of time.

Foreign Exchange

The course of the foreign exchanges has again been of great interest, many violent fluctuations having taken place on various occasions. The leading European exchanges have been particularly sensitive to political happenings, and such matters as the negotiations of the Reparations Committee of the Allies with Germany and the Disarmament Conference at Washington have exercised a marked effect on rates. The year 1920 closed with demand sterling selling as low as 352½ in New York. Throughout the early months of 1921 there was a more or less steady rise until the rate crossed $4 in May. Early in June there was a sharp drop in rates caused by persistent foreign selling in New York, and the German reparations payment. This fall continued during July, carrying the rate down to 375⅝, or almost as low as at the close of the previous year. During August a steady climb began, which reached the level of 424, a gain of almost 72 cents for the year, or more than half the way back to par. To this improvement a number of causes have doubtless contributed. The fall in the prices of foods and of raw materials has materially aided the rise by diminishing the money value of Great Britain's necessary imports. Payment of part of her indebtedness to the United States and the evidences of improvement in her financial and economic position have been other factors.

Our Dollar in United States

The premium for United States funds in Canada dropped sharply during January last, falling from 18 to 10 per cent., and this was followed by a reaction to 15½ per cent. in February. During the next seven months, March to September, inclusive, the range was much narrower, the premium fluctuating between 10 and 15 per cent. In October the rate fell further to 8½ per cent., and after a slight reaction in November to as high as 10 per cent., another decided drop occurred in December, when quotations fell below 5 per cent. The improvement in the early autumn was only natural in view of the volume of exports of Canadian grain at that time of the year, but the movement in December was somewhat unexpected. The explanation lies no doubt, to a large extent, in the cumulative effect of very large sales of bonds in the New York market by Canadian provinces and municipalities, facilitated by the receptive state of the bond market in the United States during the last part of the year. These borrowings, while they temporarily enhance the value of the Canadian dollar in the United States, only add to the yearly interest bill of Canada — already very large — and there is nothing in the situation which would give us reasonable cause to believe that any improvement in the exchange value of our currency brought about in this way will prove permanent. We should like to direct the attention of any interested to the discussion of the subject in the current number of our Monthly Commercial Letter.

A Difficult Year

In conclusion, I may say that the year through which we have just passed was undoubtedly a difficult one. Irregularities here and there in the progress of deflation show that the process is not yet fully completed. The burden of taxation is a heavy one, made unduly so by inequitable distribution. It would be well if our Governments would direct taxation more at what people are spending and less at what they are saving. It must be remembered that high municipal taxes are one of the influences that keep up rents and retail prices, just as taxes on profits keep up the prices of manufactured goods. The lack of capital accumulations and the high level of wages also function in the manner of taxes on employment, tending to increase the unemployment which has been so prevalent. In these and other ways the return of prosperity is being held back.

Improving Prospect

Yet the position has undoubtedly improved in many respects. The doubt as to the future so widespread a year ago has largely disappeared. The stocks of goods produced at a high cost have been steadily reduced by consumption, even if often disposed of at a loss. The problem of production at lower costs, which for a time seemed so baffling, appears now in a fair way to be solved. The soil and other natural resources of Canada are as ready as ever to respond to the efforts of her people. If business seems at present to be more or less in a condition of suspended animation, any change which takes place must surely be for the better, and at any moment it may awake to new life and prosperity. Granted a favourable harvest in the coming year, we may confidently look for a steady return to more normal conditions.

In moving the adoption of the report, the President spoke as follows:

President's Address

When the high tide of prices and of financial inflation began to ebb, the keenest observer seeking to estimate the extent of the decline must have failed to do so. Ever since the vast network of modern trade, based so largely on steam, electricity and credit, made the world almost an industrial whole, no such test of its power to resist disaster has occurred.

A Period of Readjustment

The losses ascertained on the readjustment of balance sheets have been so great that many concerns of world-wide importance will require some years to regain what had been the most favorable position in their experience, and the dividends on many first-class stocks have been lessened or actually stopped for the moment. Whether we have seen the worst or not it is idle to guess, but thus far these extraordinary adjustments have been made with so few failures, and with so little of anything approaching panic, that we have cause for some surprise and much thankfulness. The General Manager has already told you of our own good fortune in steering through a difficult time.

Our Foreign Trade

Turning to our own foreign trade and having in mind the large figures caused by the war, which in 1918 reached a total of two and a half billions of dollars, we find at the close of our fiscal year in March last, little change in volume, but much change in detail, and a vast change in the half year ending September. For the fiscal year our total foreign trade was $2,450,587,000, but while in 1918 we had a surplus of $623,647,000 in exports over imports, in 1921 we actually imported to the value of $29,730,000 more than we exported.

For the six months ending September our foreign trade was only $721,626,000, as compared with $1,274,878,000 in 1920. The great inrush of imports which in the last half of the year ending March had so completely changed our fiscal position, lessened rapidly during the half year, but nevertheless there was a balance of $35,835,000 against us. When we compare the figures for these six months in 1920 and 1921, we find an almost unbroken series of decreases in the various items of both imports and exports, the imports showing a decrease of nearly fifty per cent., and the exports one of about forty per cent.

When we make a comparison for the twelve months ending September we get a clearer light as to the great change which has taken place. For the twelve months ending September, 1920, our foreign trade was over two and a half billions, while at the end of September, 1921, it had fallen to $1,897,335,000. We had, however, turned a balance of 80 millions of excess imports into a balance in our favor of 85 millions. Although the situation has changed so materially, it is still worth while to analyse the figures for the fiscal year.

A Great Total of Imports

We learn that during this period of reckless buying we imported under eight main headings 209 millions in value more than in the preceding year, and under one heading, 33 millions less. In the details there are many decreases, but these are overbalanced by such increases as: Distilled beverages, 25 millions; sugar, 12 millions; cotton and other textiles, 12 millions; wood and wood products and paper, 14 millions; iron and its products, 59 millions; coal, 55 millions; petroleum and its products, 19 millions; and chemicals, 6 millions. The most important decrease is in animals and their products, 33 millions. Nor can we find any warrant from our exports for such excessive imports. It is true we maintained the total at only 75 millions less than for the previous year, but the details show the following decreases in value: Flour, 32 millions; sugar, 15 millions; cattle, 23 millions; furs, hides, etc., 35 millions; beef, 10 millions; bacon, etc., 38 millions; and ships, 33 millions. Our excessive imports were only possible because we exported more grains to the extent of 123 millions, and more wood, wood products, etc., to the extent of 70 millions. Of the great total of imports valued at a billion and a quarter of dollars, we should make a very large proportion ourselves, and if we are to prosper and pay our debts abroad we must plan to do so in future. Any other course will be ruinous to Canada.

Decrease in Total Trade

Our total trade with Great Britain was $528,171,000, with purchases of $213,944,000, much the largest on record, but with sales of only $314,226,000, the smallest since 1915, leaving a surplus in our favor of only $100,281,000. Our total trade with the United States was $1,417,296,000. The imports were $856,613,000, the largest on record; the exports $560,683,000, also the largest, and the balance against us, $295,930,000, a trifle less than for the previous year. We are certainly improving the proportions of our trade with the United States; but we have a long way to go before an ideal condition is reached, and such measures as the Fordney tariff bill show conclusively that we must not expect any help from our neighbors towards making the two sides of our trading account more nearly equal in money value.

Farm Products at Low Prices

The field crops of Canada for 1921 are estimated in value by the Dominion Bureau of Statistics at $1,017,675,000, as compared with revised figures for 1920 of $1,455,244,000.

While the yield of most agricultural products was less than in 1920, the loss is mainly in the price. Wheat is said to have averaged only 11 cents over the pre-war average, while oats and barley were sold at less than pre-war prices. With wheat at an average for all Canada of 86 cents, as compared with $1.62, oats 37 cents instead of 53, barley 47 instead of 83, and almost every other farm product in somewhat similar proportion, the present position of the farmer is obvious. In hay the poor result was due to the lowest yield per acre on record and not to the price.

The Fordney Bill

These hard facts have brought about a situation rare in Canada for many years, but they do not constitute the whole of the farmer's troubles arising from the world-wide adjustment of prices. The money loss from the fall in the price of cattle, whether the farmer has sold his animals or still owns them, has been more serious and disturbing than in the case of cereals, unfortunately we have no statistics upon which to make such a comparison as in the case of our field crops. Europe fixes the price for our grain and cattle, but the United States has been a buyer under certain conditions, and the possibility of selling there a surplus of cattle not immediately required by Europe, has been a protection against a loss in price which will affect all of our cattle if this additional market does not exist. The Fordney bill closes that additional market to us for cattle. For the year ending in March last the exports from Canada to the United States included commodities affected by the bill to the value of 168 millions of dollars, and to the extent of about 32 millions, these consisted of cattle and their products. While almost every country in the world is at the present time increasing its tariff to save its own industries, a creditor nation desiring to sell the products of its industries abroad and be paid for them, must have regard to the fact that payment can only be made in commodities. If the Fordney tariff remains in force, our power to buy from the United States will be curtailed accordingly, and we must in self-protection put every possible obstacle in the way of our people buying from that country the commodities for which we are thus rendered unable to pay.

War Obligations

We are beginning to understand what pensions to our soldiers and to their dependents will mean. For the fiscal year ending in March last we paid for all kinds of pensions $37,000,000, as compared with $24,000,000 in the previous fiscal year. The figures are swollen by the settlements being made with disability pensioners, who are allowed to accept final payments instead of monthly pensions. During the year as many as 1,261 disability pensioners accepted final payment, causing an expenditure of $7,307,000. At a later date, the end of October last, there were in force 48,507 disability pensions. The pensioners, with their wives, children, mothers, fathers, brothers and sisters, numbered 89,689 souls, involving an annual liability of $17,585,000; and there were in force 19,480 dependent pensions, representing allowances to relatives of deceased soldiers numbering 36,250 persons, and involving an annual liability of $13,062,000. The total annual liability in October last was a little over 30 millions of dollars.

The President then referred to the establishment of a clearing house in Canada for the settlement of prewar debts between German and Canadian citizens, and of the rights to property in each country claimed by citizens of the other. He pointed out the immense amount of work involved in the settlement of these claims, and gave some statistics regarding them. Great credit is due to the secretary of state for Canada and of his staff for the progress already made.

The Commercial Letter

During the year our Monthly Commercial Letter has endeavoured to give to our customers, correspondents and the press, information as to finance, home and foreign trade, the process of deflation, the details of production, and the markets and prices of many national products, together with facts regarding national expenditures, immigration, etc. These are, as far as possible, accompanied by graphs calculated to help in a rapid understanding of the subject, and we have now added an index of wholesale prices which will be continued in graphic form from month to month.

Passing to the subject of immigration the President pointed out the immense importance to the future prosperity of Canada of a sound policy of land settlement. He drew a parallel between conditions at the time of the completion of the Canadian Pacific Railway, when the railway mileage in Canada was even more in advance of the country's needs than at the present day. He pointed out how the problem has subsequently been solved and emphasized the importance of suitable immigration properly directed to the land. He referred to past mistakes in land settlement work, and drew attention to the success achieved by the Soldiers' Settlement Board and other bodies of a somewhat similar character, suggesting that a solution of our present problem might be found along these lines.

The Allied Debts

We have referred earlier to the financial condition of Europe.

The need which takes precedence of all others is that budgets must be made to balance. Only Great Britain and Denmark have as yet accomplished this. Nations can always effect this, however, when they realize that the only other course means an absolute stoppage of the power to spend as soon as fiat money ceases to have any purchasing value. The next is to rearrange each national debt so that payments over a series of years, which will eventually extinguish the debt, may be possible, and that the paper currency and other floating obligations may also be reduced, not at too fast a rate, but one which looks forward to a resumption of the gold basis at some future time. When it comes to arranging the amortization regard must be had mainly to the ability of each nation to pay. A nation is but an aggregation of individuals and what it can pay, especially to foreign creditors, is what it can save while living in reasonable comfort. In our opinion it is most desirable that any settlement shall consist of a series of annual payments, so that from the beginning only the annual sum shall hang over the paying nation as its problem. The constant facing of a vast capital sum of debt has a most depressing effect on the debtor.

Debts to United States

It is not for us to offer advice to the United States, yet we cannot fail to express surprise at the suggestion that the powers owing money to the United States should pay what they owe in 25 years with 5 per cent interest. We do not believe that the Allied war debts should be cancelled entirely, although they are not ordinary debts but represent the cost of commodities, at two or more times the ordinary price, and of other help afforded by one nation to another, in winning a war in which all were vitally interested.

The literal meaning of the American proposal referred to is that the combined nations owing money to the United States would first have to ship to that of other countries, sufficient merchandise to pay for the foodstuffs and other goods they have to buy in America, which, before the war reached $1,500,000,000 in value, and in addition would have to ship annually more merchandise to the value of about $700,000,000, to pay the debt with 5 per cent interest in 25 years. If Europe could produce such a vast quantity of goods, however, the result would be ruinous to the industries of the United States. Such a rate as 5 per cent for a debt created under such peculiar circumstances, the payment of which must be spread over such a long period of time, is more like the suggestion of avarice than of wisdom. Past experience would suggest a rate of not more than 3 per cent. If this were the rate, the payment of 5 per cent. annually for 31 years would extinguish the debt, principal and interest, or the payment of 4 per cent. annually would end the debt in 47 years.

Tax Burdens

I spoke at some length last year on the subject of taxation, particularly as to the method of distributing the burden so that it may be borne without ruining those who have done so much to build up our country, and to whom we must look for the creation of new enterprises and for the extension of those now in existence. May I repeat that we can readily bear the cost of the war in this young country if we are fair to one another? We not only cannot bear it, but we are heading for national ruin, if each man seeks to evade his share and by the mere power of his vote, without considering the use they make of their incomes, to load it upon the shoulders of the few who are called rich. Newspaper editors who favor the use of votes for such a purpose write freely about the share of this debt borne by each head of a family, for the purpose of such calculations dividing the national debt evenly among every man, woman and child and calculating the family at four individuals. Nothing could be further from the truth than this, nor, on the other hand, would any such system of taxation be possible. The fault of our system is that it is the most extreme and unfair system in the opposite direction that could be devised. Far from laying the debt upon the shoulders of all, it endeavors to take as much as possible from all incomes exceeding $1,000 for unmarried persons, and $2,000 for married people, leaving all under these amounts free from any direct tax; while those whose income exceeds certain figures are penalized as if they were sinners, until the point is reached where almost the whole is taken.

Business Retarded

The highest tax in Canada on income, ordinary and surtax together, reaches 70 per cent. Now it is among the owners of these incomes that the capital for new enterprises or for the enlargement of existing enterprises is obtained. The high surtaxes on incomes are just as unfair and are precisely in the same class as the excess profits tax, now done away with except for the trail of financial trouble left behind and the sense of unfair treatment in the minds of those who were forced to pay it. But requiring business concerns to put a higher value on their commodities for taxation purposes than they would have done in calculating the surplus in their business, the Government has collected vast sums on "profits" that never existed. In the case of very many concerns in Canada and the United States, if the so-called excess profits taken from business by an arbitrary valuation of commodities not yet sold, were entirely returned, the total amount, together with the reserves which such concerns have been able to accumulate after paying normal dividends, would not cover the losses resulting from an adjustment of the prices of commodities to the level of present markets.

Effects on Capital

It is perfectly clear that as sources of national income the excess profits tax and high surtaxes on income apart from mere unfairness, are in many ways open to the same objections. They are both unreliable, because of the violent fluctuations in the amount of revenue they produce. Many Canadians have this year paid two years' income tax on stocks which during the year have produced no income whatever. Both these forms of taxation are destructive to new enterprises, causing the investment of any surplus income in non-taxable securities and in other safe bonds, instead of in enterprises involving some risk. Because of grave doubts about the future of any country which imposes taxes too unfavorable to capital, they also cause a general unwillingness to invest in anything which the hand of the Government can reach by such taxes. An effort was made in the United States to reduce the maximum surtax on incomes to 32 per cent., and this was proposed after a profound study of the question of taxation by those who were appointed for the purpose. Congress substituted 50 per cent. for the 32 per cent., and the very able Secretary of the Treasury in his annual report, restrained as he was by his position, felt impelled to warn the people as to the result: He says, "the evil effects of high surtaxes" fall "ultimately almost entirely upon the mass of the people, who are thereby deprived of the benefits which would result from the free flow of commercial transactions and the use of the additional capital which would be available for productive enterprise."

We have steadily urged that a tax of one per cent. on the sales of commodities should be adopted. We already have the system, but in a partial and illogical form. Nevertheless it produces a very large part of our revenue. Carried to its logical conclusion, it would produce a very much larger sum and would make the readjustment of those forms of taxation which are deterring production and inviting national disaster, quite easy of accomplishment. It might be well to divide the national budget, under two headings, one for the service of the country's ordinary expenditures and the other for the war debt. If the turnover or commodities tax of one per cent. were levied entirely for the war service, I am sure that the man does not exist who is loyal and would complain at paying his share of the cost of the war in this indirect and comparatively easy way.

The Future

Despite the world-wide experience of the pains of contraction by whole nations, and notwithstanding the many unsettled problems still standing in the way of prosperity, we have during the year passed through many remedial stages which were absolutely necessary, whether agreeable or not. We are adjusting ourselves to the creation of our products at a cheaper cost, to a renewed conception of the value of a dollar and to the necessity for the maximum of efficiency in every effort of industry. If we have due regard to the world's experiences since the war and accept the lessons to be drawn therefrom, and if as Canadians we purpose to be fair to each other and to work together for the national good as well as for our own, we shall soon again achieve the success in material things which has happily distinguished our past. The tide which has been ebbing will soon turn, and the many nations with troubles infinitely greater than our own, will one by one rediscover the road to progress, the basis of which will be the power to buy food and other supplies from nations like ourselves. With that change in the tide a great emigration from Great Britain and the Continent of Europe will take place, and some at least will find their future as settlers on our farms. With our unused acres and our natural resources, our many centres of manufacturing, our established character for industry and energy, and our really great ability to economize, when aroused, we of all nations can surely view the future with courage and confidence.

TWIN CITY REFUSED A FARE INCREASE

Seeking Advance in Rates on St. Paul Division—Net Earnings Decline

The Twin City Rapid Transit Co. has not succeeded in securing a fare increase to seven cents on the St. Paul division of the line. Despite the fact that an increase had been granted by the State Railroad and Warehouse Commission, a restraining order has been issued by a St. Paul court, which will maintain fares at the current rate. The company has since introduced a wage reduction of approximately 12 per cent. President Horace Lowry, in view of the adverse action of the courts, has issued a statement in which he outlines the unsatisfactory condition of the St. Paul division. He says in part:

> The company had hoped that the granting of this temporary fare would prevent a receivership for part of its property, pending the final valuation of the property by the commission and the establishment of a rate based thereon. Even though the company had secured the increase it would not have been sufficient to meet actual needs although it is all the company asked for in its application to the state commission for a temporary fare at seven cents cash—four tickets to be sold for 25 cents. The company has made every reasonable and possible effort to obtain relief through an increase in fare, but has met with constant delays through governmental proceedings and legal attacks, and there is no prospect of immediate relief in that way. During 1920 the wages of employees of this company were increased 20 per cent., and the company was authorized to collect a 6-cent fare, but because of the increased expenses due to the heavier payroll and augmented service, net earnings have constantly decreased, so that the margin of safety was wiped out and the owners of the property are not receiving a fair return on the money invested.

AFTER ICE CREAM TRADE

There Will Be Keen Competition In Western Ontario

From Our Own Correspondent

LONDON.—The coming season will see a fight to a finish for the control of the rich ice cream business in the towns and villages of Western Ontario. In the past, Toronto firms have been getting a big share of the business but recently Silverwoods Limited, of London, announced that they were planning to greatly expand their operations in the district, among other things being the erection of a $100,000 branch plant at Chatham to take care of the business in that district. Another competitor entered the field this week in the Ontario Creameries Limited, of London. Manager C. Johnstone stated to FINANCIAL POST that a complete modern plant for the manufacture of ice cream will be equipped and will be in operation by April.

RIORDON PAYS BOND INTEREST ON FIRST "SIXES"

No Expectation of Meeting Payment, However, On General Bonds

RUNNING TWO MILLS

Thereby Cutting Down Bank Loans as Wood-pile is Consumed—A Courageous Fight

From Our Own Correspondent

MONTREAL.—Arrangements have been made, it is understood, for meeting the interest on the first mortgage 6% bonds of the Riordon Pulp & Paper Company which fell due on Dec. 31 last. This called for a little more than $50,000 on the bond issue that is just under $1,800,000. The general mortgage bonds on the same property, amounting to some $4,000,000, had a half-yearly interest of 3% due on Jan. 1, but this, it seems certain, will not be met within the days of grace, but will be allowed to go in default. It was important for the second mortgage holders, however, that the first mortgage interest be met, for otherwise the bondholders might have foreclosed and there might not have been sufficient to cover the amount owing to the general mortgage bond holders in the event of liquidation of the property. This consists of the Merritton and Hawkesbury mills with the Rouge limits. The only hope of the holders of the general mortgage securities is for the plant to continue in operation and gradually pull out of the mire, and their bonds are paid interest, and the affairs of the company generally look up again. This was the idea in the formation of the "Protective" Committee, that enough bonds should be handed over to enable money to pay the first mortgage interest to be borrowed. This, it would appear, has been done.

The third bond issue was an 8 per cent. one where the first two were at 6 per cent. The last one was made on the Kipawa property. Thus the first two have little connection with the last, or vice versa. The disposal of the first two mills would in a sense not interfere with the security behind the Kipawa bonds, except that it is generally considered to be advantageous to operate the Riordon mills as a single property. The Kipawa plant continues in operation and the Hawkesbury is running also, with the result that substantial reductions are being made in the bank loans, and a small net profit registered on the pulp sold. The price received for this has improved as the quality—low at first after the long shut-down—has been brought up to the level required by the converting mills. Whatever happens to the bond interest for the present it is not thought likely the bondholders would foreclose on the Kipawa plant as this is considered good value for the amount involved, about $6,000,000, with provision for a large amount under an old option.

Depression in the English cotton industry is confirmed by the official figures isued by the government relating to unemployment in ten leading spinning and manufacturing towns of Lancashire. Dec. 9, 1921, 94,197 were unemployed, as compared with 86,009 in November and 30,371 a year ago.

MOUNT ROYAL HOTEL

To be Ready for Occupation Early in 1923

From Our Own Correspondent

MONTREAL.—It is expected that the contractors for the Mount Royal Hotel will complete their work by the end of 1922, and that the new hotel will be ready for occupation early in 1923.

SUGGEST EMBARGO AGAINST GERMAN PAPER EXPORTS

German Publishers Would Stop Shipments To The United States

WOULD HELP MARKET

From Our Own Correspondent

NEW YORK.—American newsprint interests believe that if the German publishers succeed in inducing the German Government to declare an absolute embargo on exports of paper pulp that the general effect will be to eliminate a large part of the German cut-throat competition which has been affecting this section of the American pulp and paper market for several months past. Sulphite has been sold in this market by German manufacturers within recent months as low as sixteen dollars a ton delivered, a price which is, of course, much below the American cost of manufacture. An average of two thousand short tons monthly of paper pulp is being imported into the United States largely as a result of price the German manufacturers are in a position to offer. The extent of the pulp trade with Germany during the past few months may be gauged from the following tabulation:

Imports into the United States of German Pulp.

1921	Ground Wood	Sulphite Unbleached	Kraft	Sulphite Bleached
Sept.	...	811	....	53
Oct.	...	2,651	1,068	109
Nov.	207	2,152	536	168

Short Tons

As indicated by these statistics Germany is now shipping to this country unbleached sulphite to the amount of at least 2,500 tons against Canada's 26,000 tons. While in the aggregate the amount of German shipments to this may seem small, producers here claim that the quantity is sufficient to keep American prices low. The effect of the low prices offered by the German manufacturers is not so much to close in any way the American market to either the American producer or the Canadian producer as it is to implant in the mind of consumers a false standard of values. Making no allowance for the real cause of German low prices, when called upon to pay American prices they are inclined to believe they are being robbed.

Manitoba Power Co.
Limited
7% First Mortgage Bonds
Guaranteed unconditionally by endorsement of
Winnipeg Electric Railway Co.

Assets (including those of guarantor), after deducting their bonds about three times this issue.

Available earnings of the guarantor, average for 12 years 1.4 times interest on this issue, and for year ending August 31st, 1920, 1¾ times

It is estimated that the Manitoba Power Company's net earnings from first installation will be $970,000.

Price on application

NESBITT, THOMSON
and Company Limited
TORONTO
Hamilton London, Ont. Montreal
134

OTTAWA POWER WITH INCREASED EARNINGS

From Our Own Correspondent

MONTREAL.—Defeat by the ratepayers of Ottawa of the proposal to take over the Ottawa Traction Company has evidently acted as a "bull" argument in favor of Ottawa Light, Heat and Power Co., which operates the Ottawa Electric Co., and the Ottawa Gas Co. During the past year the stock of Ottawa "Power" dropped to 53½, but the last few days the price has stiffened and from 70 the stock went up between two and three points more. THE FINANCIAL POST understands that the company, whose annual meeting takes place the last Monday in February, will show a considerable increase in earnings for the year 1921 over those of 1920. This is due mainly to the great improvement in the position of the gas plant, in which costs of manufacture, in coal especially, have been materially reduced.

Ottawa Traction also has improved its market position since the defeat of the public ownership proposal, due, it is believed, to a possibility of an extension of the franchise for thirty years.

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MONEY BANKING AND EXCHANGE

PRINTING PRESS WILL NOT SOLVE MONEY PROBLEM

We Should Read The Lessons Of The Past

THE GOLD STANDARD

Its Neglect Has Led to Many Economic Problems for Countries All Over the World Says Banker

By CHARLES E. MITCHELL,
President National City Bank of New York in address before the Boston Chamber of Commerce

The greater part of what the world knows about practical affairs has been slowly and painfully learned and has been verified over and over again by experience. We ought not to have to learn all the lessons of experience over again. It is trite to say that "history repeats itself." It is not completely so, but the old fallacies and heresies that have vexed society throughout all history are hatched again in every time of disturbance and distress. One of them, and from my viewpoint, one of the most important of them, is the paper money delusion—the idea that governments can make times good, by printing plenty of money.

I would not ordinarily fear this delusion in a country that had become so thoroughly wedded to the gold standard, but when I see a fiat money bill introduced in our Congress having serious consideration; and when I see two such great leaders of industry as Mr. Ford and Mr. Edison, backing time-dissipated fiat money theories, I realize there must be a popular bent that way that calls for the corrective thought of such men as constitute this Chamber. There is an air of hocus-pocus about the free operation of government money printing presses that ought to put men on their guard, because we all realize that governments are not creators of wealth, but have to be supported by taxation. There is an inherent absurdity in the idea that a government that has to take up a collection to maintain its own existence may carry on great industrial works, as Mr. Ford would have it, by simply printing money.

Too Much Paper Money

When Europe is weltering in a flood of printed money, and all the evils that have been described in past history are being again described in the daily foreign news column, it seems absurd that anybody in America should be seriously discussing a revival of the paper money heresy. The chief obstacle to the rehabilitation of trade to-day is the fact that the world has lost the services of the gold standard. The doctrine of fiat money, of irredeemable paper currency, has been discredited by every test that has been laid upon it. It is destructive of stability in the commercial world; it converts legitimate business into speculation, and the wage earner is always the chief victim.

Let us sound business men frown upon the organizations that are forming for the purpose of spreading the fiat money idea. Let us dispel the illusion that prices and wages have fallen because there is a scarcity of money. Let us stamp upon the thought that it is primarily money that creates a demand for things. Let us bring our people back to the fundamental principle that business consists primarily of an exchange of goods and services, which creates a demand each for each other, and that nothing but a balanced state of trade makes a demand all around and gives prosperity.

MINING STOCK QUOTATIONS

Week Ending January 10.

	High	Low	Close	Sales
Adanac	1¼	....	....	3000
Apex	1⅛	....	....	4000
Atlas	12	7	12	52000
Bailey	3⅜	2½	2⅜	14000
Beaver	23½	19	23	32000
Cons. Smelters	20¼	18¼	20¼	2949
Cr. Reserve	15½	10¼	15	53000
Dome Lake	5½	5	5	6500
Dome Mines	23.00	19.75	23.00	1778
Gold Reef	1¾	1¼	1¾	12000
Hattie	20	....	....	1000
Hill., com.	61½	....	....	25
Hollinger	7.95	7.76	7.93	10300
Hunton	6½	6¼	6¼	7000
Keora	10½	9	10½	30000
Kirk. Lake	37	28	35	12500
La Rose	34	33	34	425
Lake Shore	1.37	1.29	1.32	11400
McK. Darr.	14½	....	....	175
McIntyre	2.35	2.15	2.27	46000
M. Corp.	1.06	1.04	1.05	72000
Moneta	9	7½	9	5000
Newray	6½	4⅞	6½	4500
Nipissing	7.00	6.75	6.85	787
Peterson Lake	5	....	....	5000
Porc. Cr.	14	12	14	10000
Porc. Tisd'le	1	....	....	1000
Porc. V.N.T.	21¾	17¾	21¾	45500
Pres. E. D.	3¾	2⅞	3¾	35500
Schumacher	33	32	33	19000
Silv. Leaf	½	....	....	4975
Teck Hughes	24¾	16½	23¼	174500
Timiskaming	30½	25	30½	6400
Thom. Krist	2	1½	1¾	13000
Tretheway	7½	6	6¼	51500
West Dome	6½	6	6	4000
Wasapika	3⅜	3¼	3¼	10500
West Tree	2⅜	1¾	2¼	3500

EXCHANGE MARKETS

Francs and Sterling Firmer—New York Funds React

Continental exchanges were firmer throughout the week. Sterling moved to higher levels in the current advance, and at the close of the week was quoted at $4.22¾ in New York funds. Francs were decidedly firmer, and moved from a quotation of 12.59 to 12.01 to the dollar. New York funds were variable, advancing from 5¾ at the beginning of the week to a high of 6¾, re-acting at the close to 5½. The following are the fluctuations in Francs, Sterling and New York funds:

NEW YORK FUNDS

Jan. 5—Funds quoted at 5 3-4, 5 9-16, 5 1-2 to 5 5-8.

Jan. 6—Markets strong, opening at 5 5-8 to 5 3-4, rising to 6 1-4, closing at 6 1-4 to 6 1-2.

Jan. 7—Funds moved to 6 3-4, closing 6 5-8 to 6 3-4.

Jan. 9—Opening at 6 1-8 funds rallied to 6 3-16 to 6 5-16.

Jan. 10—Funds opened weak at 6, moved to a low of 5 7-8, recovering to 6 1-4, closing at 5 7-8 to 6.

Jan. 11—Funds weaker, selling at 5 7-8, 5 3-8 and 5 1-2.

STERLING AND FRANCS.

	Sterling		Francs	
	Demand	Cables	Demand	Cables
Jan. 5—	$4.19½	$4.20¼	12.59	12.57
Jan. 6—	4.19⅝	4.20⅜	12.44	12.42
Jan. 7—	4.20¼	4.21	12.46	12.44
Jan. 9—	4.22½	4.23¼	12.08	12.06
Jan. 10—	4.22	4.22¾	12.01	11.99
Jan. 11—	4.22¾	4.23½	12.09	12.07

200 BANK BRANCHES OPENED IN 1921

Eight Offices Opened and Twenty-five Closed in December

Returns from the various Canadian chartered banks show that during the month of December there were only eight branches opened while branches closed for the month totalled twenty-five. Four branches were opened by the Hochelaga; two by the Commerce and one each by the Provinciale and Toronto. The Merchants closed eight branches; Commerce five; Hamilton and Hochelaga three each; Imperial two, and Dominion, Montreal, Nationale and Union one each.

Following is a list of the branches opened and closed:

OPENED

Commerce—Leamington, Ont.; Dundas and Gladstone, Toronto.

Hochelaga—S. Felicien; S. Mathieu de Baprairie; St. Placide; Chambord, Que.

Provinciale—Ville Emard, Que.

Toronto—Waterford, Ont.

CLOSED

Commerce—Hyas, Sask.; Spruce Grove, Alta.; Redwater, Alta., (subagency); Campbell River, B. C.; Rolla, B.C.

Dominion—Ameliasburg, Ont.

Hamilton—Eskbank, Sask.; Tisdale, Sask.; Trail, B.C.

Hochelaga—Earlton, Ont.; Notre Dame de Ham, Que.; Aubigny, Man.

Imperial—Carlton (sub to Laird, Sask.); Duhamel (sub to New Norway, Alta.).

Merchants—Brownlee; Lake Valley; Vanscoy, Sask.; Edrans (sub to MacGregor); Hazelridge; Rossendale (sub to Portage la Prairie); St. Elizabeth (sub to Morris, Man.); Gwynne (sub to Westaskiwin, Alta.).

Montreal—Bangor (sub to Waldron, Sask.).

Nationale—Farrellton, Que.

Union—Indian River, Ont.

It will be noted from the following that there were 200 branches opened during the year as compared with 135 branches closed, making a net gain of 65 new branches.

1921	Opened	Closed
January	24	14
February	15	4
March	10	7
April	24	7
May	25	15
June	21	15
July	19	13
August	12	9
September	15	10
October	7	6
November	11	10
December	8	25
	200	135

Weekly Bank Clearings

(In comparison with same week last year.)

(Eastern Cities)

	Jan. 5, 1922.	Change	%
Toronto	$ 99,477,306—	731,697	.7
Montreal	177,917,753—	15,180,129	11.4
Ottawa	6,908,423—	6,576,253	4.8
Hamilton	5,280,858—	1,973,712	27.2
Quebec	5,491,934—	194,318	3.8
Halifax	3,381,681—	1,169,497	25.6
St. John	2,175,910—	1,302,510	37.4
London	4,060,535+	713,658	21.3
Windsor	2,763,227—	232,585	7.7
Brantford	1,212,993—	313,611	20.5
Moncton	963,435+	105,839	12.3
Sherbrooke	977,849—	189,275	16.2
Peterboro'	835,121—	126,588	13.1
Total	$251,447,025—	$27,170,678	9.7
Kitchener	1,057,777—	....	...
Kingston	884,871	....	...

(Western Cities)

	Jan. 5, 1922	Change	%
Winnipeg	$49,941,367—	$13,616,050	21.4
Vancouver	13,064,814—	913,708	6.5
Calgary	5,940,219—	3,443,124	36.6
Edmonton	4,689,972—	881,477	15.8
Saskatoon	2,021,580—	289,051	12.5
Moose Jaw	1,619,030—	155,296	8.7
Ft. William	852,302—	487,955	36.4
Brandon	650,.851—	192,302	22.8
Lethbridge	645,643—	236,896	26.8
New Westminster	530,290—	114,929	17.8
Prince Albert	442,303—	237,626	34.9
Med. Hat	377,036—	164,401	30.3
Total West	$ 80,795,407—	$20,732,815	20.4
Grand Total	$332,242,432—	$47,903,493	12.6
Regina	4,835,434	....	....
Victoria	2,191,492	....	....

TRADE DEPENDENT ON EXCHANGE

European Trade Practically Non-Existent—Exchanges Must Be Stabilized

The chaotic state of European currencies has rendered broad international trade an impossibility. With the unit of currency of each country at a premium or discount in every other country—and speaking more concisely of the mid-European nations, mostly at a very large discount, there is no sound basis upon which international trade can be developed. The exchanges must be stabilized, the purchasing power of Europe must be restored before the routes of the world will experience normal activity.

W. L. Hichens, of London, chairman of Cammell, Laird & Co., makes a strong case for the stabilization of exchanges and for reduced costs of production. But the exchanges must not be stabilized by artificial means, he adds. The remedy mist be applied along sound economic lines. To this end two things are of primary importance. In the first place international debts and payments on reparations must be reconsidered, and secondly every country must live within its means. He continued as follows:

"It has been suggested that Germany should pay substantial reparation in kind. That may sound attractive, but on closer consideration it proves to be unworkable. The difficulty is to find any class of goods that Germans can manufacture on a large scale which are not produced here, or similarly to find any raw material which they produce the export of which would not compete against our own product. Potash and sugar have been suggested, but the amounts, either or both, which Germany could supply are comparatively small.

"Also it has been suggested that the Germans should erect super-power stations in this country. But there is ample capacity at home for carrying out this work. It would be an absurdity to import German labor or allow German labor to be employed in building power stations in the country, whilst our own workers are walking the streets in idleness and living on doles."

Continuing Mr. Hichens suggested two other points of importance in connection with any efforts to effect a restoration of trade. Prices were still too high. They must be further reduced. These necessary reductions could not and should not be secured solely through a cut in labor. The first thing to concentrate on was greater efficiency, and it was but fair to say that there had been a very marked improvement in efficiency on the part of the workmen in the past six months. The cost of government services was still too high, and that spellel excessive taxation. The greatest boon which the government could confer upon industry, he concluded would be a reduction of expenditure involving a reduction of the income tax.

CONSOLIDATED SMELTERS' RECORD OUTPUT

Economies in Operation Introduced—Look for More Favorable Statement

Ore receipts of the Consolidated Mining and Smelting Co., for the year 1921, totalling 408,346 tons, are the largest in the company's history. Despite the fact that metal markets have been highly unsettled throughout the year with prices steadily declining, this company has almost doubled its metal output, and it is expected that it will show a more favorable statement than for 1920. It is understood that the company has improved its metallurgy, and that produetion costs are much lower accordingly.

The company has built up a very large export trade, and has therefore not been dependent upon local markets. The premium on New York funds over Canadian funds has worked to its advantage. The new year opens with prices showing more signs of stability than for many months past. Accumulated metal supplies have been fairly well liquidated, too, through the fact that with the possible exception of Consolidated Smelters other and similar companies have been working very much under capacity. The result has been that production did not keep pace with the rate at which the stocks were being used up. Consolidated Smelters, with its organization intact, is in a position to take advantage of this situation.

There has been a steady accumulation of smelter stock during the past few days, and the price has strengthened to 20¼ as a result of the brisk demand. Activity is due largely to the anticipation of a favorable statement. Smelters has ranged as low as 14½ during the past year and closed at 18½. In November, 1920 the stock broke from 23 to 15½ as a result of the unsatisfactory statement.

Washington dispatch says President sympathizes with idea of appointing a real farmer to Federal Reserve Board but objects to legislation compelling appointment of representative of any class.

CANADA LIFE AGAIN BREAKS ALL RECORDS

Surpassed Objective of $70,000,000 by Over $900,000

INCREASE OF 12½ P. C.

This Showing Made in the Face of Most Trying Conditions; Collections Are Ahead of 1920

The Canada Life Assurance Co., has established a remarkable record for the year 1921, one of the most trying periods which insurance companies have experienced for some years. Not only has Canada Life exceeded the volume of business written in the record year for all companies, 1920, but has reached and exceeded the liberal objective established at the beginning of the year. This situation will not be the rule among life insurance companies, however, and shows what may be accomplished by consistent work and co-operation of company and agents. President H. C. Cox, commenting upon the record for the year points out that bearing in mind the large volume of new business written in 1920 the company felt that the company should not be too ambitious for 1920 and placed the goal at $70,000,000. This figure has been exceeded by $900,000, and gives a surplus of $7,600,000 over 1920 increase, or an increase of 12½ per cent. Total insurance in force at the end of 1921 amounts to $320,090,000, an increase of $43,423,000. Total assets now stand at $80,087,000, an increase of $3,989,000; reserves for protection of policyholders, $68,590,000, a gain of $4,925,000 and surplus earned in 1921, $2,600,000, representing an increase over 1920 of $438,000. The total income for 1921 amounted to $15,538,000, dividends to policyholders, $1,513,000 and total payments to policyholders, $6,586,000.

President Cox points out in his report that the death losses experienced by the companies in general have been less than usual and reflected the improved health conditions of the people at large. An unfavorable feature of the year, having its origin in the unsettlement of business was the large increase in loans upon policies. With others the Canada Life has experienced an increased demand for policy loans but through a campaign for repayment or reduction of existing loans the aggregate amount thus invested has not been above the average.

Referring to the investments of the company, President Cox declares that they are second to those of no other institution anywhere. All loans granted during the year have been only in the best districts and upon the company's own valuation.

Farm loans average about $7 to the acre, and aggregate collections in the west show a very satisfactory increase over 1920, despite the unsettled conditions in that section of the country.

DETROIT UNITED DIVIDEND POLICY

Failure of Utility Commission to Ratify the Quarterly 2½ Per Cent. Stock Payment Complicates Matter

Considerable speculation attaches to future dividend policy of Detroit United Railway, in view of the refusal of the Michigan Public Utility Commission to sanction payment of stock dividends in lieu of cash disbursement, according to the Wall Street Journal. According to a director, future dividend policy is dependent to a large extent on action of the commission. He declined to make any statement or prediction as to future policy. Directors will meet late in this month or early in February to discuss 1922 first quarter dividends.

June, 1921 quarterly dividend on $15,275,000 capital stock was 2½% stock payment in place of the usual $2 in cash. The commission ratified the action and dividend was paid. A similar payment in stock was ordered payable September 1 and another December 1. Commission refused to ratify either payment. Based on the last selling price, 69, a stock payment of 2½% would mean a cash return of $1.72 a share if the stock dividend was sold at that price.

Under the Michigan law, Utility Commission has power to regulate ammissions of securities or other obligations of utilities with a maturity date of twelve months or longer. It has no power to regulate cash or script dividends. A stock payment comes under the law covering issues of new securities.

Utility commission so far has taken no definite stand on the stock dividend question. It is believed the matter is still under discussion. The contention is that there have been no additions to capital account to offset issuing of additional securities. As property valuations are playing a large part in the negotiations with Detroit municipal authorities, it is felt that authorization of the additional stock might be construed as an admission that properties have a value in excess of their present capitalization.

Company is reducing its floating debt, and with the proceeds of the sale of 28 miles of its properties, purchased by the city for $2,297,000, will eliminate it entirely. Of the 900 miles of trackage owned by Detroit United, approximately 300 miles are within the city limits. The balance are the interurban lines, which are not involved in the present controversy over franchises.

NATIONAL LIFE HAS FAVORABLE MORTALITY RATE

Company Makes Creditable Showing in Difficult Year

In a year of unusual difficulty the National Life Assurance Co. has maintained its strong position, and has very substantially increased the volume of business in force. While the new insurance written in 1921 falls behind the total for 1920, the record year in the company's history, yet it exceeds the returns for 1919, the then banner year, and on this basis the year's showing can be regarded as most satisfactory.

During the year 3,380 applications for $7,802,554 new assurance were received, and 3,338 for $7,457,724 were accepted. This compares with a total of new insurance for the previous year of $7,501,852. The total of business in force at the close of the year amounted to $34,503,479, as compared with $30,806,390, or a gain of $3,697,089.

Apart from the large volume of new business written, probably the best feature of the report is the very favorable mortality experience of the company, which was rated at 41 per cent. of the expected. The amount of claims, matured policies, profits, etc., stood at $1,395,616, which is an increase of $115,058. Total cash income for the year was $1,395,616 compared with $1,280,558. Reserves now stand at $4,781,767, an increase of $483,309. The net increase in surplus for the year, including dividends to shareholders and policyholders after paying death claims and all other expenses is $133,441.

The company has established a reputation for conservatism and a reflection of this quality is contained in the interest rate earned on investments which stands at 6.10 per cent. President A. J. Ralston refers to the remarkable position of the company's investments at this time when in many cases collections are not coming in too freely. He points out that on December 31 out of over 1,400 separate investments there was only one on which the interest was overdue and not one on which the principal was in arrears.

The total assets stand at $5,720,303, and with uncalled capital the amount is $6,470,303, an increase over 1920, of $541,120. Investments in government and municipal bonds total $4,174,212. Policy loans amount to $634,926 compared with $476,430.

Here Is Your Opportunity

For a real investment in the basic part of the largest industry in the world, a branch of which is being established in Canada and admitted of vital necessity to every citizen, write

Dominion Development Corporation Limited
805-813 C.P.R. Bldg., Toronto

The Hotel Industry
A Splendid Field For Investment

The best hotels in Canada and the United States are stable, profitable enterprises, which compare favorably in steady returns and profits on capital invested with any other industry. They are less subject to labor difficulties than almost any other business. Practically 100 per cent. of the business of a hotel is in cash, eliminating credit losses, insuring a quick turn-over and making short-term borrowing virtually unnecessary.

We Own and Offer

Mount Royal Hotel
Company, Limited
Montreal

8 per cent. Convertible Debentures, interest payable quarterly in American funds, and carrying a 30 per cent. bonus of common stock.
Price: par and accrued interest.
Circulars upon request.

ROGERS SECURITIES CORP.
LIMITED
35-37 King Street, West
Toronto, Ont.

Bonds of the City of Galt

paying 5.70% to 5.75% in maturities of from one to nineteen years may be purchased from us in amounts from a few hundred dollars upwards.

These bonds are a first-class investment, and the interest yield is a fraction above the current average.

Write for further particulars.

McLEOD, YOUNG, WEIR & Co.
INVESTMENT BANKERS
23 JORDAN ST. TORONTO

THE BELL TELEPHONE COMPANY OF CANADA
LONG DISTANCE TELEPHONE

"Oh, It's Good to Hear Your Voice!"

THE night wind rattled the sash as she sat on the bed in her drab hall bed-room. Lonely, discouraged, she seemed to have lost her grip of things in the big unfriendly city. And then — the telephone jingled imperatively. A cheery voice called up the stairway, "Miss Jackson, your mother's calling on Long Distance."

How many of us realize what that means to the girl in the little hall bed-room eating her heart out with loneliness?—to the boy at College or school plugging in a half-hearted way to make good in "exams"?—to the shy school girl surrounded by strange faces?—to the traveler deprived of home and dear ones?

Why don't you call her or him to-night?

She needs the encouragment that only your voice will give. He needs a helpful word, doubly welcome because it comes from you. A Long Distance chat will give them a new outlook on life—stimulate them to new efforts—help them to make good. Their faces will glow with the light of a new courage, and, "It's good to hear your voice" will be music to your ears!

Station-to-Station service with low Evening and Night after 8.30, has brought Long Distance within the reach of every one. After 8.30 P.M. Station-to-Station rates are about half the day rate. At midnight they become about one-quarter the day rate.

Every Bell Telephone is a Long Distance Station

NEWS AND VIEWS FOR MANAGERS

NO REAL NEED FOR ONTARIO'S LONG LOANS

Present Five Year Regulation Made to Suit Public Opinion

THE INTEREST FACTOR

Loans Made at Present Rates Over Long Period Would be Unsatisfactory When Interest Gets Lower

BY H. MITCHELL
Department of Political Economy, McMaster University

Now that the Ontario Government is acting upon at least some of the recommendations of the Committee on Rural Credits, embodied in the Act of the Provincial Legislature, it may yet be not to late to examine a few arguments in favor of the scheme set forth in the report.

This document is a closely argued brief in favor of a governmentally controlled scheme of rural credits, and incidentally an indictment against the banks and mortgage companies, which have hitherto held the field. It will be convenient to examine this indictment first and see what the arguments are that have been urged against the usual credit agencies.

In the first place the writers of the report have involved themselves in a contradiction out of which they vainly endeavor to extricate themselves. They say that the present credit facilities are inadequate and farmers cannot get loans. But they say, "in recent times, particularly since the beginning of this century, the mortgage and loans companies, the insurance companies and the trust companies have found their farm mortgage loan business continually declining until at the present time the amount of such loans that are held by these companies is relatively insignificant."

That means to say that the farmer has declined to avail himself of the credit facilities offered in the past.

This the commission deplores, but explains that it arises from the fact that the long-term mortgage credit was not on a satisfactory basis, and proceeds to show why, in its opinion, this long-term credit was unsatisfactory. It is, they allege, because the mortgages are always for the comparatively short period of five years, which is not long enough. It it true, they say, that thirty or forty years ago mortgages were granted for a longer period, repayable on the amortization principle, but they were discontinued because there was a public outcry against them when interest rates began to fall, and government gave legislative sanction to all mortgages being terminated at the end of a five year period at the option of the mortgagor and payment of a bonus of three month's interest.

This argument really lands one in hopeless confusion. The present day system of 5 years mortgages is unsatisfactory and inadequate because the period is too short, the old system of 20 or 30 year mortgages with amortization was too long. But the Commission proposes to grant loans to run as long as 30 years with amortization. This is simply nothing but a return to the old system, and it is not too much to expect that the old complaints will crop up again that made all the trouble before.

The Commission acknowledges that the present time is one of high interest rates, and if a loan was entered on now to run, say for thirty years, there is every prospect, there is even a certainty, that before that time has elapsed the scale of interest will have declined. History will simply repeat itself, and the old complaints will be heard again of farmers who borrowed when interest rates were high having to repay when rates are low.

Tried and Failed

We may also reasonably ask whether farmers really do want the amortization principle of repayment? It has been tried in the past and has failed. The old Credit Foncier du Bas Canada, later merged with the Credit Foncier Franco-Canadien, was set up with the express purpose of lending for long terms with amortization, but found the system unacceptable. We believe we are correct in saying that the Credit Foncier Franco-Canadien has always been ready and still is, to loan with the amortization principle, but has found that borrowers do not readily take to the scheme and prefer an ordinary five year mortgage.

The whole argument of the Commission on long term credits is unsatisfactory. They want long credits and acknowledge that farmers don't like them, have tried them in the past and rejected them. They allege that the facilities for long-term credits are inadequate, and acknowledge that there is not sufficient business for the regular companies in the territory they formerly covered. In a document that purports to be a close-document that purports to be a closely reasoned argument on the whole situation these are grave lapses from

International Debts And High Taxation

By C. F. CHILDS,
Government Bond Specialist.

Instead of being assets the European debts due us may be likened to a menace confronting American laborers. Far better would it be to cancel debts to be repaid to us over a period of years than to have men unemployed at home because those debt repayments are to be made in goods exported to us by our creditors at competitive prices, which may succeed in closing many of our industries and thereby aggravate American unemployment. Those debts while they remain dead, do little harm to the prevailing exchange rates but they are capable of much disturbance whenever payments are called for. Only by the sale of commodities can those debts be paid. Our acceptance of repayment in foreign goods will exercise a depressing influence on domestic industry, submerge many of our factories and hamper our export trade. To pay an indemnity, the Germans will be forced to sell goods. A similar situation confronts our European Allies with respect to their notes in our Treasury. To make such sales they will be obliged to undersell American goods. If we cheapen our cost of production, they of necessity must again reduce their prices still further. There should become a more general and profound fear that the whole plan of indemnity payments now contemplated as well as some of the debt payments will undoubtedly break down "and the world be plunged again into political and economic chaos." These considerations demand the careful attention and thought of every one concerned in the welfare of our country and of the world at large. In our opinion, the nations that are able to pay their debts to us will reap immense benefits by so doing, thus keeping all hands at work while America suffers from unemployment. What if Great Britain should cancel Europe's debts and we should not? Perhaps only our great grandchildren will be alive to testify to the final results of our present shortsightedness.

It is a "gigantic fallacy" to expect to reduce unemployment while high taxation is imposed upon large incomes which would otherwise be available for industrial, commercial needs. An incidental cause of trade paralysis is excessive taxation. Taxes strangle labor and enterprise. Trade cannot thrive on the principle that "Unto him that hath not shall be given and from him that hath shall be taken away." Unemployment cannot be ameliorated by levying more taxes. That fallacious remedy is often presented as a palliative applied to symptoms, but it fails to reach the root of the trouble and there is danger of the trouble being aggravated by the medicine. Taxes handicap trade and dry up many springs of commercial vitality.

SAYS U.S. RESTRICTS TRADE WITH CANADA

Assistant General Manager of Bank of Commerce Expressed Criticism

An informative article on Canada's financial and economic position by H. V. F. Jones, assistant general manager of the Bank of Commerce appears in the New York Journal of Commerce in the course of which reference is made to trade relations between the two countries and surprise expressed that the United States should make such great efforts to exploit other markets for her products, while, at the same time, restricting trade with Canada. In this connection Mr. Jones says:

> It may not be out of place here to remark that it has been a constant source of wonder to Canadians why the United States should expend so much time, money and energy in exploiting other markets when her best customer next to Great Britain lies at her door, and instead of encouraging trade with Canada should deliberately endeavor to restrict that trade, with great injury and loss to her own people.
>
> It has forced Canadians, however, to realize more clearly than ever before how important it is for her own interests to cultivate closer trade relations with the other portions of the British Empire, with the result that during the past year the Government mercantile marine has established regular communications with the West Indies, Australasia, South Africa and, in addition, has reached out to Europe and the Orient as well as the South American Continent. It is too early to form any definite opinion as to the success of these efforts, but that they will foster trade has already become apparent, and it is to be hoped that the results will amply justify the experiment.

MONTREAL

The Bank of Montreal announces the following appointments of managers: Battleford, Sask., A. Mackenzie, as acting manager; Duncan, B.C., T. H. Reed, acting manager; Ferryland, Nfld. W. M. C. Wilcock, as acting manager.

St. Paul dispatch says Louis W. Hill deposed as president of United Securities Co., holding company for $6,000,000 of real estate and securities from the estate of James J. Hill, and resigned as director of Northwestern Trust Co. as result of controversy over $12,000,000 estate of Mrs. James J. Hill.

AROUSING INTEREST IN BANK ADVERTISING

A Successful Campaign Which Set Out to Give the People Information

An Editorial in The Bankers' Magazine.

Widespread attention has been bestowed upon a series of bank advertisements published in the New York newspapers in recent months by the National City Bank of New York, and deservedly so. These announcements which occupied a full page in the newspapers for several days, were not devoted to singing the praises of the institution in question, but were almost wholly given over to information about banking in general.

The ordinary bank advertisement seems to proceed upon the theory that the people already know everything about banking and that all the bank has to do is to call attention to its own superior strength or better facilities for doing business than are possessed by its competitors.

It is probably true that despite the fact that we have some 30,000 banks in this country, and that banking facilities are in more general use here than elsewhere in the world, our people really know very little of the actual services which banks perform in carrying on industrial and commercial operations of the country. If this opinion is correct, there is no better form of bank advertising than that which tells the people in a plain and simple way just what the banks are doing, for such advertising will powerfully tend to create good-will than which there is no more valuable asset a bank can gain.

One of the commonest fallacies about banks has been the persistent belief that banks gather up the funds of individual depositors and employ them in carrying out speculative or other enterprises in which the banks are directly concerned. Nothing could be further from the truth, since well-managed banks are rarely ever direct participants in enterprise and speculation on their own account. They do gather up the funds of the community, but these funds are in major part employed quite largely by the persons furnishing them in carrying on local manufacturing and commercial enterprises. Banks not only use these funds more skillfully than they could be employed if left in the hands of their possessors, but by their aggregation in the banks their productive power is considerably increased.

Even if the people of the United States were well informed as to the domestic functions which the banks are rendering, they have lacked understanding of the services of the larger banks in carrying on international financial and trade operations. That this is true may be inferred from the frequent criticisms launched against the banks for transactions of this character.

In debates in Congress one often encounters the expression of opinion on the part of some Senator or Representative to the effect that our banking funds ought to be kept at home. This view loses sight of the fact that in meeting foreign financial requirements the banks may be taking the most effective measures for fostering our domestic industry and commerce. For confirmation of this statement we have only to recur to the almost universal collapse of business which followed the abrupt shrinkage in our foreign trade that began some months ago.

That form of bank advertising which seeks to diffuse among the people a better knowledge of the functions of banks gets right down to fundamentals. It seeks to establish a feeling of friendship for the banks based upon a thorough comprehension of the extensive and valuable services which they are rendering to the community at large. It furthermore aims to establish that feeling of confidence in the banks which is essential to their highest efficiency, and which, unfortunately, is still lacking to a considerable extent. The amount of money hoarded in private hands or entrusted entirely to the Postal Savings Banks witnesses the truth of this statement.

Advertising of the character referred to, of course, goes beyond furnishing information in a general way as to the services of banks, and brings home to the individual business man the facilities which the banks place at his disposal.

There has been some question as to whether or not educational bank advertising could be carried on by individual banks, or whether it would not better be undertaken by co-operation, either among the banks of the country at large or those of some particular community. Campaigns of this character have been carried on in some cities, and apparently with good results. Very likely it would prove quite as profitable in the long run if banks would discard much of their stereotyped form of advertising and employ at least a portion of the space used in newspapers and periodicals in constantly keeping before the public mind the general services which banks are offering.

The day has gone by when a bank advertisement that really amounts to anything conveys no further information than the name of the bank in prominent type, the capital and surplus and a list of officers. Such advertising contains no message whatever, and is of little or no value except as a kind of guide-post indicating the name and location of the bank. This style of advertising has almost gone out of fashion in the United States, though it still obtains in some countries where little attention has apparently been given to the subject of effective publicity.

By devoting so much valuable space to educational bank advertising, the National City Bank of New York has set an example which it is hoped will be widely imitated.

NEW PRESIDENT OF MOLSON'S

F. W. Molson is New Head of This Banking Institution

MONTREAL.—F. W. Molson has been elected president of the Molson's bank, succeeding W. Molson MacPherson who has held the presidency of the bank for the past twenty-five years. Mr. Macpherson resigned owing to indifferent health, necessitating spending the winter months in California. He will continue as a director of the bank and as honorary president. At the same time, S. H. Ewing, vice-president of the bank for more than 26 years, desired to be relieved of office because of his age and desire to withdraw from activities. He will continue as a director, but will be succeeded in the vice-presidency by W. A. Black. Mr. Molson is connected with a number of companies, being a director of the Montreal Trust Company, the National Trust Company, the Bell Telephone Company, the Canada Paper Company, the Montreal City and District Savings Bank, and the Montreal Cottons Company, Limited.

CONSOLIDATED SMELTERS

The Consolidated Mining and Smelting Company reports ore receipts at Trail Smelter for the final period of December, amounting to 12,415 tons, while the total for the year is 408,346 tons of which 397,979 tons were produced by the company's mines.

THE BANK OF TORONTO

Report of the Sixty-Sixth Annual General Meeting

The sixty-sixth Annual General Meeting of the Stockholders of The Bank of Toronto was held at the Head Office in Toronto on Wednesday, 11th January, 1922.

On motion the chair was taken by the President, Mr. W. G. Gooderham. The Assistant General Manager, Mr. John R. Lamb, was requested to act as Secretary, and Mr. George R. Hargraft and Major A. E. Duncanson, D.S.O., were appointed Scrutineers.

The Secretary read the Annual Report as follows:

The Directors of The Bank of Toronto beg to present their Report for the year ending 30th November, 1921, accompanied by the Statement of the Bank's affairs and the results of the operations for the year.

PROFIT AND LOSS ACCOUNT

The Balance at credit of Profit and Loss, on November 30th, 1920, was		$ 986,354.27
The Net Profits for the year, after making full provision for all bad and doubtful debts, and deducting expenses, interest accrued on deposits and rebate on current discounts, amounted to the sum of		926,125.18
		$1,912,479.45
This sum was appropriated as follows:		
Dividends Nos. 158 to 161 at Twelve per cent. per annum		$ 600,000.00
Reserved for Taxes	$100,000.00	
Transferred to Officers' Pension Fund	25,000.00	
Written off Bank Premises	150,000.00	
		275,000.00
Carried forward to next year		1,037,479.45
		$1,912,479.45

The year has been marked by steady lowering of prices, and quiet but effective liquidation has been going on. In view of this, the business of the Bank has been well maintained.

The Head Office and Branches have been regularly inspected by the Bank's Inspection Staff, and at the Head Office the usual verification of cash and securities has also been made.

The Auditor appointed by the Shareholders, Mr. G. T. Clarkson, F.C.A., has made his examination of our Head Office and principal Branches and his report accompanies the General Statement presented herewith. Mr. Clarkson's name will be submitted to you for re-appointment as Auditor.

The Directors regret having to report the loss sustained by the Bank through the death, on the 6th of April last, of Mr. J. L. Englehart, who was for nearly nine years a Director of the Bank. His wide experience and great ability made him a valued member of the Board, and his advice and co-operation were always freely given.

Four new Branches of the Bank were opened during the year, and eight, which did not appear promising, closed, leaving 157 Branches now in operation.

All of which is respectfully submitted.

W. G. GOODERHAM,
President.

GENERAL STATEMENT

30TH NOVEMBER, 1921.

LIABILITIES.

Notes in circulation		$6,443,048.00
Deposits bearing interest, including interest accrued to date of statement	$60,189,882.29	
Deposits not bearing interest	18,777,095.48	
		78,966,977.77
Balances due to other Banks in Canada	372,846.59	
Balances due to Banks and banking correspondents in the United Kingdom and Foreign Countries	885,927.93	
		1,258,774.52
Quarterly Dividend, payable 1st December, 1921	150,000.00	
Dividends unpaid	1,100.00	151,100.00
Acceptances under Letters of Credit		450,456.01
		$87,270,356.30
Capital paid up	$5,000,000.00	
Rest	6,000,000.00	
Balance of Profit and Loss Account carried forward	1,037,479.45	
		12,037,479.45
		$99,307,835.75

ASSETS.

Gold and Silver coin current	$1,008,360.78		
Dominion Notes held	11,011,360.00		
Deposit in the Central Gold Reserves	2,700,000.00		
		$14,719,720.78	
Deposit with the Minister for the purposes of the Circulation Fund		262,479.69	
Notes of other Banks		462,175.00	
Cheques on other Banks		5,927,784.91	
Balances due by Banks and banking correspondents elsewhere than in Canada		797,419.55	
Dominion and Provincial Government Securities, not exceeding market value		10,216,407.39	
Canadian Municipal Securities and British, foreign, and colonial public Securities other than Canadian		3,680,321.08	
Railway and other Bonds, Debentures, and Stocks, not exceeding market value		271,563.73	
Call and Short (not exceeding thirty days) Loans in Canada, on Bonds, Debentures, and Stocks		4,552,913.96	
Call and Short (not exceeding thirty days) Loans elsewhere than in Canada		500,000.00	
			$41,390,786.09
Other Current Loans and Discounts in Canada (less rebate of interest $229,840.00)		53,624,728.44	
Overdue Debts (estimated loss provided for)		274,770.49	
			53,899,498.93
Liabilities of Customers under Letters of Credit, as per contra			450,456.01
Bank Premises, at not more than cost, less amounts written off			3,567,094.72
			$99,307,835.75

W. G. GOODERHAM,
President.
Toronto, 30th November, 1921.

THOS. F. HOW,
General Manager.

AUDITORS' REPORT TO THE THE SHAREHOLDERS

To the Shareholders of The Bank of Toronto:

I have compared the above Balance Sheet with the books and accounts at the chief office of The Bank of Toronto, and certified returns received from its branches, and after checking the cash and verifying the securities at the chief office and certain of the principal branches on November 30th, 1921, I certify that in my opinion such Balance Sheet exhibits a true and correct view of the state of the Bank's affairs according to the best of my information, the explanations given to me, and as shown by the books of the Bank.

In addition to the examination mentioned, the cash and securities at the chief office and certain of the principal branches were checked and verified by me during the year, and found to be in accord with the books of the Bank.

All information and explanations required have been given to me, and all transactions of the Bank which have come under my notice have, in my opinion, been within the powers of the Bank.

Toronto, December 19th, 1921.

G. T. CLARKSON, F.C.A.,
Chartered Accountant.

The meeting was then addressed by the President, Vice-President, and the General Manager.

The report of the Directors was adopted. Mr. Geoffrey T. Clarkson, F.C.A., was appointed Auditor for the current year, and the thanks of the Stockholders were tendered to the President, Vice-President, and Directors, also to the General Manager, and other officers, for their services during the past year.

The following Directors were elected: W. G. Gooderham, William Stone, John Macdonald, Lt.-Col. A. E. Gooderham, Joseph Henderson, Brig.-Gen. F. S. Meighen, William I. Gear, Paul J. Myler, A. H. Campbell, W. R. Bawlf, John I. McFarland, James D. Chaplin, M.P.

At a subsequent meeting of the Board, Mr. W. G. Gooderham was re-elected President and Mr. Joseph Henderson, Vice-President.

THE FINANCIAL POST

Members of the Audit Bureau of Circulation

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Vice-President - - - - - - HORACE T. HUNTER
Manager - - - - - - - GORDON RUTLEDGE
Editor - - - - - - - - - J. W. TYSON

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No paid advertising, other than annual reports or official notices of corporations, will be inserted in the news columns unless marked "Advertisement."

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No material from news bureau sources submitted for editorial purposes will be published, and no such bureau or individual should be paid any consideration or given any credit for the insertion or inspiration of any item.

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TORONTO, JANUARY 13, 1922.

HAS "MARKING" AN ADVERTISING VALUE?

HOLIDAY ADVERTISING of some of the large mail order houses in the United States was marked by references to the fact that articles being offered were "Made in Germany." The "Made in Germany" label was obviously capitalized as a trade asset—an intimation to the public that they could again get a line of pre-war products which they had come to regard as good value in relation to price. The merchants wisely figured that these considerations would outweigh with the public any war-created prejudices against enemy made goods.

Although it never stood for quality, except perhaps in a certain relationship to price, there is no doubt that the "Made in Germany" label was an important factor in the upbuilding of the foreign trade of that country. People got into the habit of asking for German stuff when they wanted cheap novelties and toys or other articles where low price rather than service or durability was the first appeal. This is a feature of the new stamping act now endorsed by the Canadian Manufacturers' Association, which should be very carefully considered.

It may quite well be asked whether having the place of manufacture marked on the goods will not establish with them an identity which will prove an asset to the makers. European countries are in a position to-day, through the efficiency of labor and low wages, to manufacture to better advantage than Canada can. If, then, foreign goods win recognition for value as compared with those made in this country, the label indicating the source of manufacture may easily become a factor in establishing a market for such goods. The appeal to Canadians to buy Made-in-Canada products cannot be expected to be effective, under conditions like those now prevailing, if Canadian manufacturers cannot offer as good an article for the money. This is a matter to which the C. M. A. should give careful consideration. Is there not a real danger that the enforcement of this regulation may in the long run gives to the foreign manufacturer an advantage greater than immediate benefits?

APPLYING SOUND METHODS TO CHIPPAWA

THE TORONTO STAR, in a mildness of spirit which seems to indicate some doubt in the success of public ownership, criticizes the figures which have been advanced by THE FINANCIAL POST as the basis upon which the operation of the Hydro-Electric Chippawa project must be conducted, if those weaknesses which are so common in public operation are not to be employed to make the public think they are getting benefits, which, in the long run they must pay for indirectly. The Star, which has shown a desire to get at the truth of the matter, is convinced, like THE FINANCIAL POST, that Chippawa power cannot be sold at present Hydro rates—the difference in opinion is in estimating the proportions of the burden which the people will have to bear.

Objection is raised to the estimate of $88,000,000 for the entire undertaking. This is not THE POST'S figure; it is the figure of the provincial government—it is, we believe, more likely to be raised than reduced eventually.

Objection is taken to the basis of charging interest, sinking fund, obsolesence, etc., for the whole cost until the full development is completed and the power marketed. This emthod is not that of THE POST, but of Hugh L. Cooper & Company, the engineering experts who reported on Chippawa at the instance of Sir Adam Beck; this report said that the whole scheme was conceived and carried out with undue optimism and important recommendations were made but ignored by the Hydro Commission; in regard to charging full costs against the early units we quote:

> The interest charges have been compounded half-yearly at 6 1-2 half per cent., and in computing the total interest charges we have assumed that when five units are completed and in operation the selling price for the power from these five units will be sufficient to carry all interest charges for the entire plant up to that date, and that the interest charges for the additions to the plant until the complete installations are ready for operation will be installed in units not calling for more than one year of interest during their construction period.

Objection is taken to the fact that sinking fund is charged on the full cost from the start whereas the act says there shall be no sinking fund for five years. We said that the sinking fund should be so charged—and Cooper says so—but we did not say that it would be done. It is one of the ways in which the Hydro fools itself and the people. There is a typical piece of Beck legislation on the provincial statutes which defers these charges for five years. This might even be justified as sound but the Hydro Commission has not deferred the charges in the past but ignored them altogether.

Objection is taken to a total allowance of 15 per cent. for interest, sinking fund, obsolesence, operation, etc. THE POST does not consider for a moment that such allowances will be made. Chippawa power could not be marketed on that basis. But THE POST believes that such allowances should be made to find out just where the project stands. In the opinion of competent engineers a hydro power development should be able to carry them to be a success from a commercial standpoint.

Paying interest out of capital and deferring sinking fund charges are typical examples of the methods by which Chippawa can, and probably will, be made to appear a success, but in the long run the people of Ontario must pay the real cost.

MEN WHO ARE MISSED

BUSINESS MEN who make municipal affairs a subject for studious research are so few in Canada that the passing of a man of the type of John O'Neill, ex-controller of the City of Toronto, is a subject for national, rather than local regret.

A few years ago there were three outstanding men in municipal life in Toronto—S. Morley Wickett, F. S. Spence and John O'Neill. Mr. Wickett was probably the greatest example Canada has known of the student in civic life. F. S. Spence carried on able researches in municipal work. John O'Neill gave almost his entire time for several years to Toronto's civic affairs, spending much of his private income in studying fire fighting systems, garbage disposal plans, town planning, assessment problems and similar city work. His salary as controller was always turned over to needy institutions. Toronto in particular and civic life in Canada are the better for John O'Neill's life of service.

Yet it takes much fortitude and idealism for the business man to remain in public life. There will be personal abuse, malignant tirade and not always recognition. The sacrifices are undoubtedly great. When business men do make the sacrifices they are worthy of the honor and respect of their fellow citizens.

LAYING BRICKS IN BELGIUM

THE STAGNATION in the building trades is the big factor in the present situation of unemployment. There is need for much construction both for residential and business purposes. There is a general housing shortage, while every city has its program of commercial, financial and industrial structures which has been held up pending a return to reasonable costs.

Both materials and labor enter into the construction costs. The readjustments thus far made have been more important in regard to the former than the latter. Building is largely held up to-day because of labor costs and those costs are being sustained largely through the strength of the trades unions. The unions have succeeded in maintaining wages at a high level but they have not been successful in getting their members jobs.

Whether by reducing wage scales or increasing hours by getting more done in the same time and for the same price, wage costs in building must come down. Consider the impasse in building in Canada with what has been done in the reconstruction of Europe since the war. A correspondent of the London Times recently visited Ypres and was "utterly amazed" at what had been accomplished in two years' hard work by laborers applying themselves assiduously to their tasks. Let him tell in his own words of a performance by bricklayers:

> This brings me to the point which impressed me most of all—the industry of the Belgian builder. I noticed it throughout my tour, but on one occasion, when the car was stuck in a filled-in shell-hole, I watched a gang of bricklayers for an hour without attracting their attention. It was a sight which would have made a British workman drop dead. These men, who had begun at dawn, and would go on till dark, never stopped for a moment while I was there. Their trowels are bigger than ours, and the bricks smaller, but what really mattered was that the men were not only earning good money on piece-work, but were keen to get through with the job and on to the next.
>
> As soon as a house is weather-proof they sleep in it, regardless of the damp, so as to be able to make an early start in the morning! It is this desire to work hard which is causing devastated Belgium to spring like magic from her ruins.

Europe has returned to work—contemplate the bricklayers of Belgium. When the bricklayers and other construction workers in Canada adopt the same attitude, building programs will be resumed and there will be a shortage rather than a surplus of workers. And it is the cost of labor in relation to the finished job rather than the scale of wages that is to be kept in mind.

EDITORIAL NOTES

STOCK SALES on the New York Exchange decreased the past two years by 44 per cent., but bond sales increased in the same time by 50 per cent.

* * *

THE POINT is effectively made by the London Evening News that "employed labor brings no return to anyone; it is, from first to last, a charge on labor that is employed—labor of brains and hands."

* * *

WILLIAM ROSS KNUEDSON is appealing to Canadian machinists for votes for the vice-presidency of the International Machinists' Union. The planks in his platform are the immediate surrender of the capitalist class to the unions and the alliance of the Machinists' Union with the Soviet of Russia.

* * *

GASOLINE is the one article that shows steady increase in consumption in the United States. The record crossed five billion gallons in 1921. At the same time railroad gross earnings fell to five and a half billion dollars a decrease of more than 10 per cent. Was there any relation between the rise in gasoline consumption and the decrease in the railroad gross earnings? Those who want to build radials in Ontario might try to answer.

* * *

THE NEED for retrenchment in public expenditures at Ottawa is emphasized by H. V. F. Jones, assistant general manager of the Canadian Bank of Commerce, in the course of an article on Canada's economic position in the New York Journal of Commerce. Mr. Jones says: "Many serious problems of public finance require to be solved by the Government, and in the face of our debt, which imposes a heavy burden upon all business activities in the country, it is to be hoped that drastic retrenchment will be enforced in all the Government departments."

* * *

RECENTLY a foreigner started out to smash all the plate glass windows in Parry Sound with the intention of arousing the community; he succeeded. Many agitators some of them well-intentioned, go through life the same way; throwing monkey wrenches into the machinery of our affairs. They succeeded in attracting attention if the machine is cracked, but not only do they fail to suggest a better machine but, like the Parry Sound window-smasher, are unable to repair the damage they have done.

Whitewashing the Auditors

Enter the official whitewasher in the Merchants Bank affair in the person of the Montreal "Gazette."

This paper in an editorial on the subject of the bank's condition, and criticisms that have developed against the management of the bank, the directors and the auditors, wipes it all away with sweeping charges that certain writers disclose "an astounding crudity of knowledge of the business of banking."

There is a certain bland, arm-chair philosophy about the "Gazette's" attitude as it wields an all-embracing brush. The creditors of the bank are secured; therefore they "have absolutely no concern" with its affairs. The debtors are in a like position. Nor is the merger as a merger objectionable. Nor is there a suggestion of criticism of the directors.

But it is the auditors over which this paper throws the broadest mantle of charity. The editorial admits that the question is being asked, "What about the audit?" and that "reflection is thrown on them." It goes on to state that the explanation as to their part is "quite simple." that "auditors do not appraise notes under discount. If they did they would cease to be auditors and become managers. They fulfill, indeed, a very useful purpose," the Gazette believes. To which the obvious retort of the shareholders who appointed them would be: "Of what real use is an audit that certifies as correct a statement as of April 30, 1921, and a few months afterwards the president of the bank is forced to confess that the Rest Account—certified to by the auditors as ONE HUNDRED PER CENT. TO THE GOOD—has been impaired by some $8,000,000, and many millions of the eight were lost months if not years before the auditors certified the last statement as correct?

This question of the auditors is one that must be settled. How far were they derelict in their duties? What checking up of head office securities and of the main office in Montreal should have been done that was not? How was it they failed to discover the impairment by millions of dollars of th reserves of the bank?

In the year 1913 the Bank Act was amended to provide for a competent audit as a protection for the shareholders. The Bank Act provides for the appointment, from a list certified by the Minister of Finance, of shareholders auditors, responsible to the shareholders alone, and paid by the shareholders. The Act distinctly states that the auditors thus appointed "shall have the right of access to the books and accounts, cash, securities, documents and vouchers of the bank, and shall be entitled to require from the directors and officers of the bank such information and explanation as may be necessary for the performance of the duties of the auditors." And among these duties is included such an investigation of the bank's affairs as shall enable them to determine whether the statement presented to the shareholders by the directors is a *"true and correct view of the state of the bank's affairs."*

In order that the shareholders of the Merchants Bank, and all others who are vitally interested in the auditing of a bank's affairs—as affording a "true and corect view"—there is appended a verbatim copy of certain sections of the Act of 1913, assented to on June 6 of that year after an exhaustive inquiry into the working of existing legislation.

EXTRACTS FROM BANK ACT ON AUDITORS

Section 17—Every auditor of a bank shall have the right of access to the books and accounts, cash, securities, documents and vouchers of the bank, and shall be entitled to require from the directors and officers of the bank such information and explanation as may be necessary for the performance of the duties of the auditors.

Section 19—It shall be the duty of the auditors once, at least, during their term of office, in addition to such checking and verification as may be necessary for their report upon the statement submitted to the shareholders under section 54 of this Act, and at a different time, to check the cash and verify the securities of the bank at the chief office of the bank, against the entries in regard thereto in the books of the bank, and should they deem it advisable to check and verify in the same manner the cash and securities at any branch or agency.

Section 20—The auditors shall make a report to the shareholders—
(a) on the accounts examined by them;
(b) on the checking of cash and verification of securities referred to in the next preceding subsection, and
(c) on the statement of the affairs of the bank submitted by the directors to the shareholders under section 54 of this Act during their tenure of office:
and the report shall state—
(a) whether or not they have obtained all the information and explanation they have required;
(b) whether, in their opinion, the transactions of the bank which have come under their notice have been within the powers of the bank;
(c) whether their checking of cash and verification of securities required by sub-section 19 of this section, agreed with the entries in the books of the bank with regard thereto; and
(d) whether, in their opinion, the statement referred to in the report is properly drawn up so as to exhibit a true and correct view of the state of the bank's affairs according to the best of their information and the explanations given to them, and as shown by the books of the bank.

Now, in the name of common sense, if the shareholders who appoint the auditors as experts to look after their interests, and their interests alone, cannot depend on them to see to it that a "true and correct view of the state of affairs of the bank" is presented to them in the annual statement—the annual report prepared specifically for the shareholders—on whom can they depend?

PERSONAL

VINCENT C. MASSEY, recently appointed president of the Massey Harris Co. has been elected to the board of directors of the Canadian Bank of Commerce to fill the vacancy caused by the death of the late Thomas Findley.

LORNE CAMERON, of Vancouver, a son of the late Sir Douglas Cameron, has been appointed to a vacancy on the directorate of the Maple Leaf Milling Co. Mr. Cameron has been largely engaged in the supervision of his father's lumber interests, particularly the Rat Portage Lumber Co.

J. S. BARKER, of Toronto, for a number of years a director of the Maple Leaf Milling Co., succeeds the late Hedley Shaw as vice-president of the company. Mr. Barker was closely associated with Mr. Shaw for a number of years in the Hedley Shaw Milling Co., before the Maple Leaf was organized

HON. GEO. P. GRAHAM, who has been appointed to the portfolio of Minister of Militia and Defence in the Liberal Government at Ottawa, has resigned his position as president of the Travelers' Life Insurance Co. of Montreal, in order, it is understood, that he may give his whole time to state duties. He is likewise a director of Canada Foundries & Forgings. He is better known as a politician, however, and was minister of Railways and Canals under the Laurier administration from 1907 to 1911.

W. R. ALLAN, of Winnipeg, a vice-president of the Union Bank of Canada, has been advanced to the position of president of the institution in succession to John Galt, who has resigned because of the removal of his home from Winnipeg to Victoria. Mr. Galt will remain on the directorate, however, and will devote his time more particularly to the bank's affairs in British Columbia. H. B. Shaw, general manager, has been elected vice-president, and Judge H. A. Robson, who was the bank's chief counsel, has been appointed a director.

M. B. FARR, representing the Monarch Life Assurance Co. in Western Canada as provincial superintendent of the Province of Saskatchewan has been promoted to the more responsible position of supervisor of agencies with headquarters at Winnipeg. This appointment has been rendered necessary through the rapid expansion of the business of this company in the west. Mr. Parr has been associated with Monarch Life for seven years, commencing as city manager at Edmonton, and later as provincial manager for Alberta and Saskatchewan. He is president of the Saskatchewan Life Underwriters' Association.

HON. HEWITT BOSTOCK, of Kamloops, B.C., the newly-appointed Minister of Public Works, has been in public life since 1896, when he was elected to the House of Commons. He was appointed to the Senate in 1904, and in 1914 was chosen leader by the Liberal members of the senate in succession to the late Sir George Ross. He was born in England in 1864, and is a graduate of Trinity College, Cambridge. He settled in British Columbia in 1893, and is a fruit grower and rancher. He originally started the "Province" as a weekly newspaper in Victoria, B. C., in 1894. When the paper was later transferred to Vancouver it became a daily, and now has the largest circulation in the Province of British Columbia.

GEORGE SMITH, assistant manager of the Massey-Harris Co., has been appointed general manager of the Massey-Harris Harvester Co., with head office and factory at Batavia, N. Y. Mr White is well qualified for this post, having acquired a very intimate knowledge of the implement manufacturing business through long association with the Massey-Harris Co. He was born within a stone's throw of the company's Toronto plant, and has practically grown up with the institution. He entered the office 1898 as a boy, but his ability was speedily recognized and a series of promotions followed. After serving in the shipping and accounting departments he entered the Ontario sales branch in 1905. Not long after he was made assistant manager of the branch, which position he held until his appointment to as assistant to the president and general manager in 1918.

JAMES STEWART, Winnipeg, formerly chairman of the Canadian Wheat Board, has been apointed to the presidency of the Maple Leaf Milling Co. to succeed the late Sir Douglas Cameron. Through active association with the grain trade of the west for the past fifteen years, Mr. James has built up a connection and acquired an experience which should be invaluable in his new responsibilities. He is better known to the Canadian public through his chairmanship of the Wheat Board, an association which won wholehearted unpopularity with the milling industry. Mr. Stewart was born in Scotland, in 1881. He entered the British civil service in 1898, his term of service ending in 1906 when he came to Canada. He entered the grain business with the Western Elevator in the fall of 1906. Among his business associations are the following: vice-president of the State Elevator Co.; managing director, Federal Grain Co.; director, Western Terminal Elevator; director Western Elevator Co.; director Western Grain Co.; a member of Board of Grain Supervisors of Canada and a member of the Council of the Grain Exchange, Winnipeg, since 1915.

HENRY J. FULLER, who is well known in industrial circles in Canada, has been admitted as a general partner in the firm of Aldred & Co., 42 Wall Street, New York. This firm has a Canadian office in Montreal, and looks after the interests of J. E. Aldred, who is president of the Shawinigan Water & Power Co. Mr. Fuller's Canadian interests include the presidency of the Canadian Fairbanks-Morse Co., and a directorate in E. & T. Fairbanks & Co.; director and vice-president in the Canada Cement Co.; director of the Asbestos Corporation of Canada and Shawinigan Water & Power Co. Among his connections in the United States has been the vice-presidency of Fairbanks-Morse, & Co., but this he is giving up through retaining his Canadian connection. He is conected also with other interests in which Mr. Aldred is associated, such as the Pennsylvania Water & Power Co.; the Consolidated Gas, Electric Light and Power Co. of Baltimore; and the Gillette Safety Razor. Mr. Fuller is also chairman of the Board of the Rolls-Royce of America, Inc., and a director of the First Federal Foreign Banking Association.

AS OTHERS SEE US

HOW THE FORDNEY TARIFF HITS THE CANADIAN FARMER

New Glasgow News

According to THE FINANCIAL POST Mr. Fordney, the author of the Fordney Emergency Tariff, has expressed the opinion that there is not such a thing as Free Trade with the United States for four years and probably for ten years. By the introduction of the Fordney Tariff, the farmer of the United States has shown in no uncertain manner that he does not intend to have the Canadian farmer interfere with his home market. In view of Mr. Crerar's claim that free trade will widen our market in the United States, it is worth knowing that his views and those of Mr. Fordney would seem to be diametrically opposed.

CURRENT OPIONIONS

OUR DIE HARDS

London Evening News

In a number of important industries demands are being put forward by employers for longer working hours. The unions, having secured the shorter week now in operation, are not disposed to agree to any extension, and they maintain that, in certain leading cases at any rate, the reasonable shortening of hours has not resulted in reduced output and has sometimes achieved an increase.

Now at the present moment we are suffering from trade depression, which is due to a variety of causes. This has led to the suggestion of a variety of remedies, but about one central fact we are all, or nearly all agreed, namely that we cannot sell our manufactures abroad because possible customers cannot afford our prices. Those prices can be reduced in various ways—by lowering taxation, by lowering wages or by increasing output without increasing working charges. This last can be done either by working longer in the week or by working harder during the present hours.

The matter of wages and hours must be decided between employers and employed. They can best be decided by amicable discussion. The worst possible method—namely by means of strikes and lock-outs—seems, however, to be the only one to suggest itself to many of those concerned.

We have seen in other fields how much can be achieved between men of widely divergent views when once they recognize that they have one great common interest—peace. We have also seen how much trouble can be created by die-hards—men whose only idea is to obtain the whole of their claims without concession or reservation. Is it too much to hope that this lesson will not be lost on the warring interests in the industrial world?

SERVANTS OF THE CONSUMER.

Wall Street Journal

Whether he likes it or not, every man is a servant. Suppose we start the new year with a little straight thinking. The producer is the servant of the consumer. It will be a salve to his self-esteem if he will realize that he is thereby a servant to himself. Every producer is a consumer. We all live by exchange. Day in and day out we are exchanging something we have created, or some service, for the things or the services of others. Depending upon our savings, or those of others for us, we can suspend our individual production indefinitely. But we cannot suspend for a moment our consumption. No one of us if self-supporting, or in any true sense independent—not even the farmer.

It follows that every obstacle to free exchange is a charge upon all of us. General prosperity is bound up in freedom of exchange. When we restrict that freedom by artificially fixed prices, inequitable tariffs, uneconomic wages, class taxation, everybody suffers. The class benefit derived is almost trifling compared with its general cost. Combinations of capital, combinations of labor; combinations of dishonest elements in both, acting together; autocratic authority, either of force or of legislation, striving to impose an unnatural price, defeat their own ends. When we talk of stimulating buying we must never forget that the best of all selling arguments is a square deal. Under compulsion the buyer will take only the absolute minimum of his requirement, and hope for better conditions. He buys liberally only on the confidence inspired by a fair deal in a free market.

We teach our children thrift through the savings banks. We should teach them far more than we do about thrift in use. Waste is morally wrong. Saving is essential to life itself. We enjoy a harvest because somebody was wise enough to save part of last year's seed. There could be no better simile, because saved wealth multiplies itself while consumed wealth disappears. We can see also that saving is not communal but individual. The greatest industrial organization owes its continued existence to its directing brain. Somewhere in that organization there is an individual who is thinking hard. We have had a demonstration in Russia that collectivism first dissipates wealth and then destroys it. Nine-tenths of the world's estimated wealth is embodied in the word "security." This does not mean words written on a piece of paper, but the assurance that what a man saves shall be his. Collectivism destroys that security, and it is the basis of credit.

But always we come back to the fact that we are all servants. None of us for long can browbeat the consumer. In the end he will dictate quantity, quality and price. As price recedes buyers are attracted. Each man can see both processes in himself. He should be able to see that this free play of the market can never be made rigid without limiting both supply and demand, hurting individual and community alike at both ends.

Opportunities In Odd Amount Bonds

During an active bond market there are exceptional opportunities for picking up odd amount bonds of the various Provinces and of representative municipalities of the Dominion. Our current ODD LOT LIST contains offerings of bonds varying in amounts from approximately one or two hundred dollars upward to several thousands.

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Send for New Odd Amount List.

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Established 1889

INVESTORS' INQUIRIES

Information under this head is given in answer to direct requests from investors who are readers of THE FINANCIAL POST. Only questions respecting securities are answered by mail direct. We would remind correspondents that it is now necessary to enclose 3 cents in postage stamps to cover postage on answers direct.

ABRAMS WEST OIL

Reader, Sault Ste. Marie—Please give me your opinion of the Abrams West Columbia Oil Company situated near Houston, Texas, as an investment.

We see little attraction in stock of the Abrams West Columbia Oil Co. and would not advise its purchase except as a gamble.

COBALT FRONTENAC

J. P., Ontario—Would like your opinion of the Cobalt Frontenac Mining Company.

The Cobalt Frontenac Mine is now operating, and there is a market for its stock at from 5 to 10 cents a share.

CANADIAN REALTY CORP.

Reader, Hollywood—Would like a brief opinion on Canadian Realty Corporation 6 per cent. bonds due serially Dec. 1, 1941 to 1948.

Canadian Realty Corporation is the bank premises holding corporation of the Union Bank. Its properties are leased to the bank at sufficient to protect charges on these bonds. The bonds rank high.

MONETARY METAL MINING

Enquirer, Jarvis—Would like your opinion of the Monetary Metal Mining Company.

We are of the opinion that you would be well advised to postpone further payments for the time being until we have made a close investigation. It appears to us that the merits of the proposition have been very much exaggerated, and one or two discrepancies of statement lead us to doubt the advisability of gambling further without some definite grounds for confidence other than the stock salesman's talk. The fact that the stockholders are to receive 75 per cent. of gross earnings for dividends, the remaining 25 per cent. to be applied to running expenses is an utterly absurd statement. We should advise you to wait for more definite information upon this company's position and prospects.

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Good Public Utility Bonds

are always in high favour with conservative investors.

Our offerings include several genuine bargains.

An interest return of 6¾% to 7% on this class of securities is an opportunity you should not miss.

Particulars on request.

Royal Securities CORPORATION LIMITED
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Montreal Halifax St. John Winnipeg
Vancouver New York London, Eng.

GERMAN BONDS

Woman Reader—Would it be advisable to put a few hundred dollars in German bonds if a person is willing to wait say ten years for returns, and if you think so what would you do with the marks payable on same in the meantime?

German government is so deeply involved in debt that her recovery will take years. In buying German bonds you are taking the risk of having to hold on to the securities for so long a time that a subsequent rise in the mark will only recompense you for a part of the interest lost. The proposition does not appear attractive.

DOMINION IRON BONDS

W.D.F., California—I would appreciate your opinion on Dominion Iron and Steel 5 per cent. Cons. Mortgage bonds due September 1, 1939.

Interest on Dominion Iron and Steel consolidated mortgage bonds, is well secured by the large earnings of the company and we would consider the bonds a good purchase. The company is one of Canada's outstanding industrial enterprises. Earnings for fiscal year ending March 31 last, of the Dominion Steel Corporation, of which Dominion Iron is a part, were $7,212,750. Provision for sinking fund, etc. was $1,583,662 and bond interest $970,776 leaving a margin of safety of $4,658,312.

PREMIER TRUST

Reader, Welland—What do you know about the Premier Trust Company, London?

The Premier Trust Co., of London, is operated under the same management as the People's Loan, of London, with Lieut.-Col. A. A. Campbell, general manager, and Wm. Spittal, secretary-treasurer. Both are able and reliable men and the company therefore appears to be well managed. It is one of those small trust companies occasionally opened in connection with a loan company and such a company has a distinct advantage in the fact that its cost of operation will be very small relatively, because of its association with the loan company.

MOUNT ROYAL HOTEL

S. F., Ontario—Would you kindly advise regarding investing in the Mount Royal Hotel Company. I am a widow with small means and do not wish to take any risks. I have Victory bonds which I would exchange if you think it absolutely safe.

While we consider that the Mount Royal Hotel Company's debentures offer a very sound proposition we could not advise a widow with small means who does not wish to take any risk selling the Victory Bonds to invest in them. There are few other investments indeed, than such bonds that could be regarded as absolutely safe. If you are in a position where you think you could take a somewhat larger risk on a portion of your funds provincial or municipal bonds might be favorably considered.

R. E., Saskatoon—I have been reading with much interest the articles by Agnes C. Laut on the possibilities of trade between Canada and the recently organied Dominion of Central America. I should be pleased if you would give me the address of some prominent resident commercial house with whom I could correspond with, the view to establishing a connection for the handling of flour and other grain products from Western Canada.

Regarding possibilities of trade between Canada and the recently organized Dominion of Central America we have communicated with the Commercial Intelligence Branch of the Department of Trade and Commerce at Ottawa. The Department reports that it has not names of any resident commercial houses and therefore suggests writing to R. L. Defries, Foreign Consul for Honduras, Toronto or to G. N. Marang, representative for Gautamela, Toronto.

MONTREAL POWER

Reader, Ontario—Would you consider the Montreal Water and Power prior lien 4 1-2 per cent. bonds a safe investment?

In regard to the Montreal Water & Power bonds the explanation mainly of the high yield that you can receive from these, that is the low price at which they are being sold, is that many of these have been sent over from England where the holders would receive the benefit of exchange. This Company is supplying the City of Montreal in a certain section with a long term contract, and its revenue is virtually assured from the fact that the city collects these rates as an ordinary tax rate. There has been no dividend paid on the stock of this Company because the directors have felt it in the interests of the Company to put back any profits in order to enable it to keep abreast with the development of the City's boundaries.

METROPOLITAN BONDS

B. Kettleby—Will you tell me if you consider the 5 year 6 per cent. gold bonds of the Island of Montreal Metropolitan Commission an absolutely safe investment.

The new issue of the Island of Montreal Metropolitan Commission was made for the purpose of assisting three or four municipalities which are in rather weak condition. It was for the purpose of placing the financial position of all the municipalities of the City of Montreal on a strong basis that this Commission was organized. This issue of bonds, while the proceeds go to those Municipalities that have found trouble in meeting their bond interest, is guaranteed by the Commission which has control virtually of the properties in all the Municipalities affected by the Statute, namely: Montreal itself, Westmount, Outremont, Verdun, Lachine and the others mentioned in the circulars of Greenshields & Company. Recently a bond issue of the Provinces of Quebec sold to give a yield of 5½ per cent. and the City of Quebec bonds are selling to give a similar yield, so that considering the increase in the price of bonds the return of 6 per cent. on these must be considered as pretty fair market value.

BISHOP BLANEY CORP.

Reader, Oakville—Would like your opinion of Bishop Blaney Corporation of Peterborough, now located at Paris, Ont., formerly the Dominion Dustless Sweepers. Would you consider this proposition a safe investment?

The Bishop Blaney Corp., formerly operated at Peterborough under the name of the Dominion Dustless Sweepers, and was engaged in the manufacture of dustless sweepers to be used in cleaning city streets. The company did a good deal of experimenting in Peterborough but did not seem to get established upon a profit-paying basis. The Bishop Blaney Corp. of Paris, has the same interests behind it, but will considerably widen its scope of operation, and will carry on the business of iron founder and manufacture machinery of various kinds. The company was incorporated under the Dominion Companies Act with authorized capital of $5,000,000. The proposition cannot be regarded as a safe investment. The experiences of the management with the Peterborough concern but emphasizes the speculative features of the securities of the new company, although it may be that with the broader production the prospects for success have been correspondingly increased, but the fact must not be overlooked that this company is entering business at a time when the depression in the steel and iron business is acute.

Is Overborrowing by the Municipalities Dishonest?

Are Not Some Municipalities At Present Headed in The Same Direction as Many of Those Which Participated in The Municipal Loan Fund of 1852?

Official Bulletin Hamilton Chamber of Commerce

To a man of honor the act of borrowing entails the responsibility of repayment with interest. When a municipality borrows it simply means that the credit of the citizens of such municipality has been pooled in order to finance an undertaking of common use, and the responsibility for repayment is just as great as if individual pledges of citizens were given. For this very reason—i. e., that the act of borrowing by a municipality affects the credit of every citizen who has a stake in that community—extreme caution and conservation should be exercised by the **executives and their representatives in the application of their borrowing** powers. Unfortunately, the reverse is frequently the case, and what is everybody's business instead of being each body's business becomes nobody's business, with resultant reckless expenditures and reckless governmental expenditures and reckless exercise of borrowing powers. This is apparently somewhat the state of mind of many municipal governments today.

Epidemics, it has been frequently stated, come in cycles. Love of expenditure, while always with us in a more or less degree, apparently becomes intensified at intervals. Back in 1852 a wave of over-borrowing struck a great many municipalities in Ontario, who were enabled to gratify their desires in this direction by participating in the Municipal Loan Fund. Our previous articles have shown the amounts borrowed and the investments made. Below we show the condition of such municipalities when the "morning after" came and repayment had to be made.

As is frequently the case with individuals, the innocent suffered with the guilty, and those municipalities which exercised caution in borrowing were made to suffer through provincial taxes, in order to help repay loans given to the reckless municipalities. The innocent municipalities asked for compensation, but the Sessional Papers at that time state "The proposition to forgive these municipalities the greater part of their indebtedness and then to make an equivalent or compensating grant would involve a charge on the Treasury (Provincial) of not less than $100,000,000"—a huge amount even today.

The history of the Municipal Loan Fund shows that 47 municipalities borrowed from the Fund, an aggregate sum of $7,300,000—no doubt in good faith—and at the time of borrowing were quite confident that every cent of principal and interest could easily be repaid when it fell due.

About twenty years later:

(a) Twenty-six of these municipalities had no sinking funds accumulated to meet principal payments and these municipalities were also in arrears with interest payments.

(b) The municipalities in the aggregate were in arrears with interest payments to the amount of $5,007,491.43 and $6,612,092.78 principal still remained to be repaid—a total indebtedness of $11,619,584.21.

(c) The Province was forced to come to the rescue of these municipalities which overborrowed with resultant injustice to those municipalities which were prudent.

(d) The credit of all Ontario municipalities was, no doubt, impaired temporarily, especially in foreign markets.

(e) Many municipalities were hampered with a debt burden which impeded their growth and industrial expansion, and, no doubt, injured that of the Province in general.

Did those municipalities which over borrowed act honorably?

Are any of our municipalities overborrowing to-day?

If so, can they escape the consequences such as those which followed the Municipal Loan Fund fiasco?

Investments For Foreign Trade

New York Herald

More than all the tariff schemes, legislative grants, government loans and other forms of paternalism can do to promote the foreign trade of this country can be accomplished by the natural flow of American investment money. Herbert Hoover, Secretary of the Department of Commerce, in a conference with the governors of the Investment Bankers' Association, talked over the prospects of increasing our investments abroad. Despite the wide range of foreign loans which have been placed in this country the crust of the great world investment field has so far only been scratched.

From the United States Government tax returns it is figured that the national income of the United States was $60,000,000,000 in 1918. It was estimated that of this $45,000,000,000 was spent by the 22,500,000 families for living expenses; Federal, State and local taxes absorbed $7,000,000,000. Thus only $8,000,000,000 or less than 14 per cent. of the total national income was saved for new construction and foreign investments. Economists hold that not less than 20 per cent. of the national income of any country should be devoted to replacements and new construction. If a country aspires to do business on its own account in foreign lands the percentage of its national income devoted to foreign investments must be in proportion to the desired expansion.

Thus if in 1918 the proper percentage of savings had been devoted to new construction at home the amount so expended would have been $12,000,000,000 instead of $8,000,000,000, all that was left after other outlays. And if our foreign trade had been considered as of one-fifth the importance of our domestic trade the amount devoted to its development would have been something like $2,000,000,000 a year, or about 20 per cent. of the proper domestic development fund.

No such amounts have been saved and put to work in our commerce at home and abroad. Before the war England, out of a national income of $12,000,000,000 saved annually more than $1,000,000,000, or 8 per cent., which was invested exclusively in foreign markets, and to this she owed much of her well-established commercial strength.

Excluding war loans and domestic municipal bond issues and Government borrowings, none of which belongs in the category of funds for commercial and industrial replacement and expansion, this country has devoted not more than $6,000,000,000 or $7,000,000,000 to trade betterment through investments, or less than half the sum which theoretically should have been applied to this purpose. Taxes are to blame for much of this, because they have depleted large reservoirs of savings which otherwise would have sustained constructive work.

We pride ourselves on a balanced Federal budget and the cessation of new national Government bond issues. But even when we achieve these things, if we neglect to save and to put back into productive enterprise a sufficient proportion of the national income, as represented by the income of all the people, we shall be living beyond our means. Taxes will continue to bear heavily on large investors. The requisite for increased investment and domestic trade is increased public and private thrift.

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THE COMPANY WE KEEP

Galt Reporter

The Financial Sun and the Farmers' Post in their little nest agree that Monopoly's a good thing and Public Ownership a delusion and a snare.

Lowering of Interest Rates Is Universal--Not Local

During the last few weeks we have witnessed a lowering of interest rates upon all classes of high-grade investment securities.

It should be borne in mind by prospective investors that this condition is universal—not local—and that Canada is merely falling in line with rates already established in the world's leading financial centres.

Cheapening of capital is a world-wide condition, and shrewd investors with available funds are making the most of existing opportunities to obtain high interest rates for long periods. To do this, we suggest that you select from our current list.

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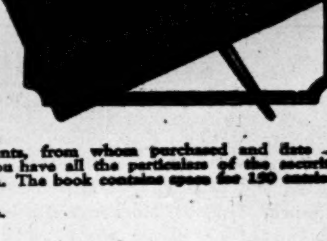
A Security Record Book



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It has been authoritatively stated that developments in Canada require $300,000,000 to be expended for electrical equipment in the next three years.

As a result of this demand a large amount of business has already been secured by the

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The successful manufacture and installation of electrical machinery and equipment demands years of experience and research, large scale organization and resources.

The English Electric Company of Canada, Limited, combines in the one organization the manufacturing, engineering and construction experience of both the English Electric Company, Limited (of Great Britain), and the Canadian Crocker-Wheeler Company, Limited, thus placing it in a position to handle the large amount of business that will be forthcoming.

We unreservedly recommend the 8% Cumulative Preference Stock of the English Electric Company of Canada, Limited, carrying a bonus of 40% Common Stock, as one of the strongest investments ever placed before the Canadian public.

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H. J. B. LEADLAY,
CITY CLERK

NEWS OF THE BOND MARKET

NEW BOND ISSUES A-PLENTY COMING OUT DURING 1922

Of Which Dominion Loan Will Be The Most Important

SHOULD BORROW HERE

Canadian Investment Bankers Stand Ready to Handle the Loan and U. S. A. Houses Also Anxious

Heavy borrowing by bond issues may be expected in Canada in 1922 and already there are evidences that the total of Canadian borrowings may reach half a billion dollars.

The largest sum to be refunded is represented in maturing obligations of the Dominion Government, which has over $200,000,000 of bonds to meet and must arrange as well to care for many millions of maturing temporary loans. Railroad maturities are under $25,000,000, but extensive replacement of rolling stock and motive power is required on some lines and railroad borrowing may easily be as considerable a factor in 1922 as it was in 1921 when over $100,000,000 of railway loans were effected. The province and municipalities will all be in the market for much money although of course the province of Ontario, which has borrowed $58,300,000 in 1921 (the total from Dec. 1, 1920 to date was $89,300,000 in addition to temporary financing) and the city of Toronto which borrowed $32,000,000 during the year will be in the market much less this year.

Where Will Loans be Made?

Interest in the Dominion loan continues keen of course. American investment bankers have openly expressed the opinion that the loan will be made in New York. One said the other day:

> "American bankers are awaiting with interest action from Ottawa on the $194,000,000 of Canadian internal war bonds coming due this year, for it is estimated that from $75,000,000 to $100,000,000 of these obligations are held by American investors. These bondholders will reap a very fair profit through the rise in Canadian exchange, now about 95 1-2 cents per dollar as against 85 cents a year ago. No official pronouncement has been made as yet as to the method to be employed in refunding the war loan maturities, but it is believed that it will take the form of a new loan to be offered here. Assuredly the increased value of the Canadian dollar would greatly facilitate refunding operations from the standpoint of the Dominion Government."

On the other hand Canadian opinion is largely that the loan can and should be made in Canada and that the bonds should be payable in Canada only. Warnings from leading bankers that Canada should not continue to pile up future exchange burdens on the principal and interest payments may be heeded.

It is quite probable that if a loan were made in Canada that a large part of the issue could be sold in the United States anyway. American investors could purchase the bonds at a considerable discount and the discount would be a reserve from which they could meet the depreciation in their coupons until exchange conditions were normal. A long term bond payable in Canada only, would still be an attractive buy for American investors regardless of exchange rates. This is of course another strong argument for the flotation of a domestic or internal loan.

Retrenchment a Necessity

In view of the heavy financing Canada must do this year in its many departments of activity a word of caution was given by G. A. Morrow, a prominent bond man in his address as president of the Imperial Life. After referring to the purchase by Canadians last year of $97,000,000 more of their own bonds while American investors bought $32,000,000 less as indicative of the capacity of Canadian people to buy their own securities, he said "There is a necessity for careful scrutiny of all new proposals involving the expenditure of money and the elimination of all unnecessary expenditures. Retrenchment is needed for individuals and for the state."

Bank Men's Views

At the Bank of Toronto annual meeting, W. G. Gooderham, the president, remarked:

> "In many respects the high credit that Canadian securities have in the New York market is not wholly beneficial. It would be well if expenditures in many directions were restricted. The increase in Provincial and municipal expenditure, which has been such a marked feature of the past year, at a time when labor and materials have been at such high prices, will, unless such expenditure proves profitably productive, tend to increase the amount of taxation which is already quite high enough and proving to be a very heavy burden."

The general manager. Thos. F. How, referred to the heavy borrowing by governments and municipalities and hoped that the amount would be less in the future. He added:

> "If our public obligations are to be kept good at home and abroad (and, of course, they will be), the interest and eventually the principal must be earned and saved by the Canadian people. There is a curious indifference on the part of the average man to the creation of public debts, which can be explained only on the theory that he hopes personally to escape his share in paying them. To a certain extent, our public obligations represent revenue-producing assets which pay their way. Allowing for this, we are afraid it is not fully understood that economic sins are never forgiven—they have to be paid for—and no one escapes taxes."

SWIFT CURRENT VOTE IS CAUSING CONCERN

Bondholders Agitated, Due to Most Recent Turn of Events In Default

Difficulty in the solution of the Swift Current default has arisen following the election of a mayor and council committed to a policy of withdrawing from the agreement entered into by the former council, while control of the city's finances was vested in a bondholders' committee for a term of five years.

The new mayor introduced a by-law, which was voted upon by the citizens and passed by about 5 to 1 which made ratification of the agreement impossible.

One of the strongest opponents of the agreement was Judge W. O. Smyth, of the district court who held in public addresses that the agreement could safely be opposed as the creditors of the town would be powerless to establish a receivership if the local government board of the province stepped in and took over the city's affairs.

Holders of the defaulted bonds are much agitated by the turn of events. Legislation is pending in Saskatchewan concerning such cases as this which would give the local government board authority to take over the contract of a town that was unable to meet its obligations but until the legislation is finally passed the bondholders are not certain that will be sufficiently rigid to satisfy them. They ask whether the local government board would be acting for the city or for the bondholders it it took over the financing, as Judge Smyth suggests.

In the meantime action is being taken to get an order from the proper courts to execute a sheriff's writ against the city for the moneys due on account of the defaulted bonds.

EXPENDITURES CUT

Regina Able to Show large Unexpended Balance

REGINA.—A net under-expenditure of $230,364.72 on by-laws authorized by the city of Regina at the commencement of 1921 is shown in a report just handed down by the city commissioners.

Recommendation to council that the by-law accounts be adjusted by applying the under-expenditures against the over-expenditures after provision has been made for known requirements, is made. Under-expended by-laws show a balance of $721,823.56. Over-expended by-law balances total for the year, $446,040.51, a difference of $275,783.05, against which $45,418.33 is recommended to be held, leaving a net under-expenditure of $230,364.72.

SHAWINIGAN ANNUAL

Financial Statement Will Show Earnings Well Maintained

From Our Own Correspondent

MONTREAL.—The annual meeting of the Shawinigan Water & Power Co. has been called for Feb. 21. In spite of the industrial depression it is understood the report of the company will show earnings well maintained. The stock has held firm for months past, in spite of general fluctuations up and down in the market among the majority of other securities.

U. S. A. BORROWING PILES UP BURDEN EXCHANGE BEARS

Warns Sir John Aird—But Bond Men See More Borrowing

AN AMERICAN VIEW

New York Bond Man Calls U. S. A. "Canada's Bankers" and Forecasts Closer Relations

The cumulative effect of the large sales of bonds in the New York market by Canadian Provinces and municipalities has been to temporarily enhance the value of the Canadian dollar in the United States. At the Canadian Bank of Commerce annual, Sir John Aird referred to the rise of the Canadian dollar in New York due to these heavy borrowings.

A warning that such borrowing cannot be expected to bring about permanent improvement in exchange was contained in Sir John's address. He said: "These borrowings, while they temporarily enhance the value of the Canadian dollar in the United States, only add to the yearly interest there is nothing in the situation which bill of Canada—already very large—would give us reasonable cause to believe that any improvement in the exchange value of our currency brought about in this way will prove permanent."

While admitting the soundness of Sir John Aird's statement, investment bankers feel that Canada will continue to borrow heavily in the United States during 1922. "So long as the position of the American bond market and the premiumin New York funds are such that a fair margin to provide for future premiums on interest payments is given to the Canadian borrowers we may expect our provinces and larger cities to look for American capital" is the way one bond dealer put it.

In judging of the attitude of American investors to Canadian bonds the comment of Morrison Marsh of the firm of McKinley & Morris of New York in interesting.

> America is becoming Canada's banker. Constantly increasing flotations of Canadian investments in the American market indicate the growing interest in Dominion securities throughout the United States. During the eleven months ended November 30 $73,282,000 of new Canadian municipal and provincial capital issues were placed in America. This was nearly double the 1920 total of $37,255,000 during the same months.
>
> "What is the cause of this increase? The greatly improved status of the Canadian dollar is perhaps the most significant factor. This improvement, which lowered the discount on Canadian funds from 17 per cent. to 4 1-2 per cent. is having and will continue to have a most far-reaching effect on all our financial and commercial intercourse with the Dominion.
>
> "It does not seem probable that London will contest the position of the American money market in relation to the Canadian borrower. Owing to the rise in sterling during the last year there has been considerable gossip to the effect that Britain would shortly be sending considerable capital to Canada, but the more prominent Canadian financiers doubt this possibility. Authorities in the Dominion are inclined to believe that even if the pound sterling should go to its parity, an eventuality which is as yet very remote, the condition of the American money market is such that London cannot possibly compete on an equal basis. Even six months ago Canada could borrow here at lower rates than a number of the other Dominions borrowed in London. If this was the case six months ago the condition is now accentuated. because the American securities market and the Canadian exchange market are in far better shape.
>
> "From present indications it would appear that for 1922 at least the greater proportion of Canada's 'foreign borrowings' will be consumated in the United States."

Charles M. Schawb suggested by J. Leonard Replogle as candidate for the United States Senate to succeed Senator Crow.

BOND MOVEMENTS OF THE WEEK

Latest price Week Ending Jan. 10

Range 1921. Range 1922.

BONDS—	Int. Rate.	Due. Year.	Yield.	High.	Low.	High.	Low.	Ask.	Bid.	High.	Low.
Bell Telephone	5	1925	6.73	93½	91¼	94	..	..	93	94	..
Can. Bread	6	1941	6.93	90½	82	90	88½	91	89	90	88½
Can. Cement	6	1929	6.97	95	89	97	..	..	94	95	94
Can. Cottons	5	1940	6.67	84	77	82	..	..	82	82	..
Cedar Rapids	5	1953	5.24	97	86	96¼	94	..	96	96¼	94
Cons. Rubber	6	1946	6.92	90	84	89	88	89	88	89	88
Dom. Cottons	6	1922	7.05	99¾	96	99	..	100	..	99	..
Dom. Glass	6	1933	6.12	99¾	99¾	99	..	99	..	99	..
Dom. Textile	6	1925	6.55	98	92	98	..	..	98	98	..
Montreal, Dec. 22..	6	1922	4.90	108	104	104¼	101	101	..	101½	101
Montreal, May 23 . .	6	1923	5.06	108	100	103½	101¾	101¾	..	103½	101¾
Montreal, Sept. 23 .	6	1923	6.50	100	97¾	99	..	99	..	99	..
Montreal Power . .	4½	1932	5.47	88	88	92	..	..	90	92	..
Ogilvie (C)	6	1932	6.00	96	93	100	..	100	..	100	..
Quebec Rly	5	1929	8.60	68	59	66½	65⅞	..	66	66½	65⅞
Rio	5	1935	6.82	81	62	84	73½	83¾	81¾	84	73½
Sav Paulo	5	1929	8.25	82	70	81	80	80¼	79½	81	80
Steel of Can.	6	1940	6.12	98¼	88½	98½	98¼	98½	97½	98½	98¼
Sher. Williams	6	1941	6.17	98	96	98	..	98	96¾	98	..
Wayagamack	6	1961	8.40	78¼	69½	76	71¾	..	72	76	71¾
West Kootenay	6	1940	7.00	90	90	89½	..	89½	..	89½	..
Windsor Hotel .. .	4½	1931	7.40	79¾	79¾	79¾	..	80	79¾	79¾	..
War Loan (1925) .	5	1925	5.85	96.00	92.00	97.00	96.10	.....	96.90	97.00	96.10
War Loan (1931) ..	5	1931	5.37	96.60	90.05	97.20	96.25	97.25	97.15	97.20	96.25
War Loan (1937) ...	5	1937	4.95	102.50	94.50	100.75	99.50	100.75	10050	100.75	99.50
Victory, (1922) ..	5½	1922	6.07	99.55	96.62	99.50	99.10	99.50	99.45	99.50	99.10
Victory (1923	5½	1923	5.96	99.50	95.50	99.25	98.75	.....	99.15	99.25	98.90
Victory (1924 ..	5½	1924	6.09	98.50	94.25	98.50	98.00	.....	98.45	98.50	98.00
Victory, (1927)	5½	1927	5.48	101.00	95.25	100.15	99.80	.....	99.90	100.15	99.80
Victory, (1933	5½	1933	5.28	101.80	95.12	101.85	101.25	101.95	101.85	101.85	101.35
Victory (1934)	5½	1934	5.61	99.48	92.25	99.10	98.30	99.00	98.95	99.10	98.40
Victory (1937)	5½	1937	5.15	104.00	96.50	104.00	103.45	103.90	103.85	104.00	103.50

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1 February, 1941
15 September, 1943
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Once
In a highly active bond market, such as the present, we advise all investors to make their January reservations at once, in order to get just the bonds and the maturities most desired. Our list is broad and contains every type of bond, suitable for the large or small investor.
Send for our list to-day and make your reservations.
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January Investments

January presents an unusually heavy investment period, and we would advise those with funds for investment to select their securities at once. Our January list contains a number of very attractive offerings. A copy will be mailed upon request.

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$500,000.00

Hydro-Electric Power Commission of Ontario.

Hydro-Electric Railway Bonds on the Essex County Railway.

FORTY YEAR 6 P. C. BONDS.

(Guaranteed as to Principal and Interest by the Province of Ontario.)

Sealed Tenders endorsed "Tenders for Hydro-Electric Railway Bonds," addressed to the undersigned, will be received for the purchase of $500,000.00 forty-year Bonds of the Hydro-Electric Power Commission of Ontario, guaranteed by the Province of Ontario, dated 1st July, 1921, due 1st July, 1961, bearing interest at the rate of 6% per annum, payable half-yearly on the 1st January and 1st July. Principal and interest payable in gold coin at the chief office of the Bank of Montreal, in Toronto, Canada.

Bonds to be in the denomination of $1,000 each with coupons attached, and may be registered as to principal only. Payment for Bonds and delivery thereof to be made on or before the 20th day of January, 1922, less the amount of the deposit. Tenders to be addressed to J. W. Gilmour, Treasurer of the Hydro-Electric Power Commission of Ontario, 190 University Avenue, Toronto, and delivered not later than twelve o'clock noon on the 18th day of January, 1922.

Tenders must be accompanied by a marked cheque for $5,000, to be applied in the case of the successful tenderer as part payment for Bonds.

The highest or any tender not necessarily accepted.

J. W. GILMOUR,
Treasurer.
Toronto, Ont., 10th January, 1922.

MUNICIPAL BANKERS CORP. BUY TWO ISSUES

Two bond issues have been purchased by the Municipal Bankers Corporation.

From the township of the Carnarvon, $17,000 of 6 per cent. consolidated school debentures, repayable in 30 installments, were purchased at 101, a 5.90 basis. The bonds are unconditionally guaranteed by the Province of Ontario.

Georgetown's issue of $33,000 of 6 per cent. twenty installment bonds also went to this firm.

CITY GETS LAND

EDMONTON.—Tax collections in this city in 1921 amounted to $3,608,414, which was some $800,000 less than in the preceding year. In both instances the city's tax revenue from all sources is included.

Nearly 8,000 parcels of property put up for sale in 1920 for defaulted taxes will now come into this city's possession, the redemption period having run out with the old year. Steps will be taken to secure titles to the property. An extension order made by the provincial Minister of Municipal Affairs a short time ago, giving until next April before any foreclosure proceedings could be taken in such cases does not apply it is claimed by the city solicitor, to Edmonton property.

WINDSOR R. C. SCHOOLS

Nesbitt, Thomson & Company have purchased $225,000 Windsor, Ontario, Roman Catholic Separate Schools 6% debentures, maturing December 31st, 1922 to December 31st, 1951.

CIVIC AND PROVINCIAL FINANCE

SOLIDITY CHIEF CHARACTERISTIC OF THE TOWNSHIP

Despite Loss of Population Their Bonds Rank High

COUNCILS ARE GOOD

Progress Not Their Chief Aim But Economy and Carefulness Have Made Them Strong

A bond man in Toronto and the reeve of an Ontario Township were discussing affairs in general and they hit upon the city of—say, Growfast, as a subject of conversation. Growfast is one of those cities that is expanding very rapidly under the stimulus of development in a certain line of activity and has been a heavy borrower in the bond market for two or three years past.

"It's a progressive city," said the bond man.

"Yes," admitted the township reeve, "It's progressive, but, by gosh, we always get a better price for our bonds than that city does with all its progress."

That was a true statement. Increase of population, expansion of area, development of industry and housing are not always the criteria by which investors judge the financial standing of communities. For such growth is usually accompanied by heavy bond issues often beyond the absorptive capacity of the investment market and often by at least wild inflation. And if growth were the sole Judge of financial worth Ontario townships would have difficulty in selling their debentures.

Census figures now trickling out from the Dominion Bureau of Statistics indicate that there is an almost universal decline in the population of rural areas of Ontario. Electoral districts with one or more urban areas have shown decreases in the 1921 population figures over the 1911 totals. But in those districts that are exclusively rural the trend of population has been in the other direction. The population has moved city-ward. The townships have lost out in the population race.

But are investors in township bonds worrying? Not a bit. their populations can decline much further and the burden of debt charges be divided among still fewer people and there will be no endangering of the security of the average Ontario township bond.

The affairs of the townships are in the hands of shrewd and able men. Some of them are men of long experience in municipal affairs. The other day one of the townships made the proud boast that its reeve had been longer in municipal affairs than any other man in Canada. He had been reeve for 43 years. And along came another township that showed that its reeve has held that post for fifty years. Such a condition of affairs does not indicate progress; but it does indicate solidity.

"In the city you scrutinize every $10,000 or $100,000 very carefully. In our township we don't spend one dollar without talking it over," said the township reeve. The farmers take a personal interest in their local government and an interest that expresses itself more practically than in the city. They discuss their affairs together at the market or maybe at a barn dance and the township councils are given to greater deliberation than their city counterparts.

This sifting out of the arguments pro and con regarding proposed expenditures and policies may be due to the lack of daily newspapers in the townships. Viscount Bryce in his "Modern Democracies" points to the evil that can be done by an unscrupulous newspaper taking a hand in local government. We are not without such influences in Canada. Bryce states that in rural townships where newspaper discussion of questions of government is not predominant the citizens talk over their problems instead of allowing a newspaper to give them their instructions as to how to vote and act. And discussion leads to saner conclusions. Something like this has worked out in the case of the townships; at least the men on the councils represent a higher average of native shrewdness and honesty than in the average city councils in Canada.

"Take the worst rural township council in Ontario and place it beside the best city council. Compare them and the city council will be out of the running," remarked a loan company manager to THE FINANCIAL POST. Wider citizen knowledge of issues, closer economy and better councillors—these three have much to do with the high standing of townships.

ARE YOU A CIVIC PACIFIST?

The only man who has any influence in his city's government is the man who "gets into the game." Dr. Horace L. Brittain, of the Citizen's Research Institute, in a striking article on this page next week will talk about business men and civic government.

MONEY IS REQUIRED BY CITIES OF N. S.

Programmes of Expansion Call for Many New Bond Issues

From Our Own Correspondent

HALIFAX.—Nova Scotia municipalities are expected to do considerable borrowing as soon as business conditions begin to show a decided change for the better, for nearly all have arrears of public improvements to make up, and many are in the stage of development which calls for a rapid extension of expenditures on public account. Last year all municipal bond issues in this province bore interest at six per cent. but in the opinion of local bond houses the day of six per cent. municipal bonds in Nova Scotia is practically over, and new issues will be down to five per cent. before the year's end. During the past twelve months the value of municipal bonds in this province appreciated from five to six points, and some 6 per cent. issues are now quoted above par. Some Nova Scotia six per cent. provincial bonds traded in at Halifax recently sold for 104.

Very few Nova Scotia towns are in such financial condition that they would have to pay six per cent. for money at the present time, and as it is difficult to persuade investors to pay over par, future issues will doubtless be on a lower interest basis.

In 1921 twenty Nova Scotia cities, towns and municipalities issued bonds to the value of $1,834,000 all at six per cent. In 1920 Nova Scotia's municipal borrowings totalled $2,500,000. During the past year the city of Halifax sold $362,000 of six per cent ten year bonds to local brokers. Glace Bay, the largest borrower of the year, marketed $425,000 six per cents. outside the province. The city of Sydney sold $235.000 six per cents.; Dartmouth $154,000 and Truro $100,000. Outside of Halifax the municipal borrowings during the past two years were about $2 per capita per year.

STREET CAR DEFICIT OF REGINA $312,000

Some of This is Depreciation, Offset by Certain Other Income

From Our Own Correspondent

REGINA.—Reconstruction of street railway accounts is being asked by the city commissioners, based on the plan of treating all moneys accruing from property sales as straight contributions. It was the original intention of the city to build the street railway entirely from such sales.

Up to the end of the calender year, the deficit from the operation of this utility amounts to $312,095.62, of which amount $101,909.80 is depreciation. An amount equivalent to the depreciation has accrued from property sales which properly belong to street railway account, hence the deficit will be reduced by that amount.

In reporting on the present financial condition of the utility, the city commissioners express the view that its life, upon which the ratio of depreciation has been based, has been much under-estimated. At the inception of the system in 1911 depreciation was fixed on a basis of 16¾ years. It will far outlast this period in the estimation of the commissioners.

Tenders and By-Laws

TENDERS WANTED

Jan. 21, Moose Jaw—$29,812, 6½ per cent., 5 year debentures, Geo. D. Mackie, City Commissioner, Moose Jaw.

Jan. Dryden, Ont.—$12,500, 6 per cent. 15-instalment, for telephone and electric light extension, J. E. Gibson, clerk.

Jan. 16, Alberta—$3,846,000, 5½ per cent. 25-year gold debentures. Provincial Treasurer.

Jan. 16, New Brunswick—$1,890,000, 5-year, 6% debentures. Provincial Treasurer, Box 540, Fredericton.

Jan. 20, Guelph—$69,802, 6% 10-year debentures. H. J. B. Leadley, City Clerk, Guelph. (See announcement on page 16).

Jan. 18, Hydro Elect. Power Co. of Ontario—$500,000 6 per cent., 40-year bonds, J. W. Gilmour, Treasurer, 190 University Ave., Toronto.

Jan. 16, Mimico—$32,000, 6%, 30-instalment, sewer and water debentures; $18,500, 6%, 20-instalment, Toronto and Hamilton Highway debs., J. A. Telfer, Clerk, Mimico.

BY-LAWS TO BE VOTED ON

Jan. 14, District of Burnaby—$30,000 for school purposes.

CLAIMS MADE FOR PUBLIC ABATTOIR HARDLY JUSTIFIED

"Satisfactory Results" Prove On Investigation To Be Deficits

HAS LOST $150,000

Toronto's Experience With This Utility May Prove Warning to Other Places

If a project may be "damned with faint praise," one may wonder if the lusty praise of a publicly owned enterprise that has proven an absolute failure may not prove embarrassing to proponents of municipal ownership who cherish that phase of state socialism as an ideal but are nevertheless willing to admit that certain enterprises based on that theory have been unsuccessful.

Toronto has a municipal abattoir—a publicly owned slaughter house built at the instigation of a group of citizens, many of them small butchers, who felt that the price of meat would be reduced if such an enterprise were entered into by the city and that the abattoir could be run without loss to the taxpayers. Concerning the abattoir Mayor Alfred Maguire said in his inaugural address this week:

> "The satisfactory results that are still being achieved by the operation of the Municipal Abattoir continue to justify its establishment and existence. During the year just closed, the returns show an increased patronage of its several departments that furnishes indisputable evidence of its popularity as a progressive public ownership enterprise expanding in the scope of its activities and demonstrating that incalculable benefits are accruing to the citizens through the bringing about of a manifest reduction in the prices of meat in competition with privately owned abattoirs."

Those "Satisfactory" Results

The "satisfactory results" so proudly referred to were not expressed in dollars and cents but they may be gleaned from reference to official figures in city reports. In five years there has been a deficit of over $150,000 in the operation of the abattoir. The actual figures are as follows:

Year	EXPENDITURES (Including Debt Charges)	INCOME	DEFICIT
1917	$133,810.67	$108,700.00	$25,110.67
1918	122,430.43	85,516.00	36,914.43
1919	137,141.42	132,096.00	5,045.42
1920	185,006.96	128,456.88	*56,550.08
1921 Est	170,144.88	135,000.00	35,144.88

*The later figures of the 1920 Financial Report of the Commissioner of Finance give $56,515.01 as the deficit.

Moreover there has been an additional loss to the city of at least $15,000 a year or $75,000 in five years, which is what the abattoir would have paid in taxes if the abattoir had been privately owned.

Kill Small Proportion of Animals

"Incalculable benefits" by "a manifest reduction in meat prices" are claimed. While no figures are advanced to support this claim the facts can easily be gleaned from other sources to indicate how much the abattoir can posibly affect meat prices in Toronto. During the twelve months of 1921, 113,596 animals were slaughtered at the abattoir. During the first eleven months of the year there were slaughtered at the seven packing houses in Toronto that are under Dominion government inspection, 1,208,585 animals or at the rate of 1,310,452 for the twelve months period. The exact figures are:

	Civic Abattoir 12 mos.	7 other Plants 11 mos.
Cattle	21,641	247,257
Calves	12,174	67,211
Sheep	49,504	33,751
Lambs		224,230
Hogs	30,277	636,136
Total	113,596	1,208,585

In other words the municipal abattoir slaughters less than 8 per cent. of the animals dressed in the city each year and making allowance for other plants which like the municipal abattoir are not under Dominion Government inspection, the proportion which has brought such "incalculable benefits" in the way of "manifest reduction in meat prices" can be little over 5 per cent. The claim is of course absurd that civic handling of such a small proportion of the animals slaughtered would have any effect on meat prices.

Proposals have been made in other Canadian cities that Toronto's example in operating a municipal abattoir be followed. These figures should first be studied by the civic leaders who have made the proposals.

WEEKLY RECORD OF GOVERNMENT AND MUNICIPAL BOND SALES

DATE—	PLACE—	SOLD TO—	Rate	Terms	Amt.	Price	Basis
Jan. 7	Windsor R. C. Schools	Nesbitt, Thomson & Co.	6 %	30 in.	225,000		
Jan. 10	Georgetown	Municipal Bankers Corp.	6 %	20 in.	33,000		
Jan. 10	Tp. of Carnarvon	Municipal Bankers Corp.	6 %	30 in.	17,000	101	5.90

*Payable N. Y.

Comparative Values

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W. H. HUNTER, President
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CANADA NATIONAL FIRE
INSURANCE COMPANY
HEAD OFFICE: WINNIPEG, MAN.
A Canadian Company Investing Its Funds in Canada
APPLICATION FOR AGENCIES INVITED
TORONTO: 20 KING ST. W. W. H. George, Superintendent of Agencies

Interesting Facts concerning the Mutual of Canada
The Mutual of Canada was organized strictly for protection, not for investment. Its "stock" has never been quoted as it is operated without private capital. It has grown steadily for nearly half a century and is established upon an unshakeable foundation. It is under government supervision like all other old line companies, maintaining reserves on the safe and conservative basis of three and three and a half per cent. The business is confined to the Dominion of Canada and Newfoundland, so that the mortality is not subject to serious fluctuation. It is strictly a policyholders' company. It was organized exclusively for the benefit of its policyholders: It is operated in their interest and it is controlled by them. The whole surplus is used to reduce premiums, is paid in cash or increases the amount of their protection.
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INSURANCE AND REAL ESTATE

BUILDING TOTAL FOR 1921 PASSES $100,000,000 MARK

But Falls Behind Volume Of Construction For Previous Year

TORONTO LEADS

York Township is Third On List—Further Reductions in Costs Are Needed—The Years Compared

Further decline in building operations throughout Canada is indicated by the building returns for the month of December. The total of $4,029,683 the smallest of any month of the year compares with $5,572,171 for the corresponding month of 1920. There was a dearth of large construction, operations being largely confined to small structures mainly residences. This has been the most conspicuous feature of the year, the small proportion of large mercantile construction, and the unusually large percentage of home building.

The total value of building permits for the year amounts to $105,775,296 and compares with a total of $110,417,159 for the previous twelve months or a decline of $4,641,853. High costs both of materials and labor, was the factor largely responsible for the curtailed volume of construction, and the volume of building in the new year will largely depend upon the course of construction costs. Thus far they have not gone far enough, and labor is stoutly holding out against wage reductions despite the relatively large volume of unemployment throughout the country. An immediate and wide cut in construction costs in one of most pressing needs of the moment. Not only would the building trades be beneficially affected but the many allied industries would benefit from increased demand for their products. The table appended below indicates the value of building for each of the past thirteen years. It will be noticed that while the volume for the past year was considerably in excess of the war years, it fell well below the totals for the record years in 1912, and 1913. During the past year relatively small totals were reported from the west as indicated by the total of $19,467,495 for the year as against $86,307,801 for the twenty-nine eastern cities, but in the "boom" era the situation was reversed, the rapidly expanding western cities building much faster than the more staid cities of the east. The table is as follows:

Year	Total
1909	$ 72,291,854
1910	107,184,293
1911	135,025,570
1912	195,237,533
1913	161,927,710
1914	94,395,649
1915	33,654,933
1916	40,575,181
1917	33,711,669
1918	38,146,299
1919	81,678,152
1920	110,417,159
1921	105,775,296

An analysis of the year's totals for the individual cities, indicates the fact that with two exceptions the western cities report declines. This falling off is most conspicuous in the case of Winnipeg and Weyburn, amounting to $2,789,750, and $2,274,511 respectively. Montreal shows an increase of $7,313,664, but this is largely made up of the single large permit for $5,000,000 granted on behalf of the Mount Royal Hotel Co. Toronto reports the largest total at $23,878,240, a decline of $1,906,492 from the previous year's return. York Township, with a total of $8,101,100 is third in the list, which total compares with $4,312,350 for 1920.

The following are among the important permits issued: Moncton, curling rink, $5,000; Montreal C.P.R. platform, $50,000; Mutual Home Corporation, houses, $30,000; public school, $137,800; public school, $180,000; Brantford, retail store, $50,000; Guelph, warehouse, $10,000; tunnel and skating rink for Queen's University, $107,000; London, seventeen dwellings, $10,000; Peterborough, Red Arrow Tires, factory, $120,500; Winnipeg, garage, $32,000; Lethbridge, dairy building, $40,000; New Westminster, Union Oil Co., of California, warehouse and tanks, $15,000; Victoria, hospital, $170,094.

INSURANCE EQUAL TO NATIONAL DEBT

Over $3,000,000,000 in Force In Canada—$335 Per Head Of Population

The future of life insurance in Canada formed the basis of an address by John A. Tory, past president of the Canadian Underwriters' Association, before the delegates to the educational congress of the association held in Toronto this week. Mr. Tory also took the opportunity to refer to the phenomenal growth of life insurance, and pointed out that whereas the total business in force in Canada in 1869 amounted to $35,000,000 representing $11 per head, the insurance in force in 1879 had been increased to $86,000,000 or $21 a head; in 1909 to $780,000,000, or $116; in 1914, $1,200,000,000, and in 1921, over $3,000,000,000, or $335 per head.

The people of Canada, he said, laid away life insurance last year equal to the bonded indebtedness of the country, and more is possible in the next ten years than in the past. There were many different kinds of policies and there would be more. He predicted many changes in the manner in which life insurance would be handled within the next quarter of a century and suggested that the day was not far distant when insurance would be issued to cover the debts of the insurer upon his death. The time was coming too, he declared, when the life insurance companies would have to recognize the fact that they were servants of the policyholders and not their masters. The time was likewise near at hand when the policyholders would watch with great interest the management of the companies in which they have entrusted their money in the investment of life insurance. If the management of life insurance companies in Canada in the future, embraces in the broadest sense business dealings on an equitable, honorable and square basis, Mr. Tory concluded, there will not be any need in Canada for a system of state insurance. But it was absolutely necessary that such dealings should have the strongest endorsation of public opinion.

Philadelphia dispatch estimates estate of Boies Penrose at $20,000,000. Fortune controlled by Penrose family placed at $50,000,000, largely made in development of Utah Copper Co.

BUILDING PERMITS ISSUED DURING 1921

Eastern Cities.

	Dec., 1921.	Dec., 1920.	Change.	12 mos., 1921.	12 mos., 1920.	Change
Maritimes—						
Halifax	$ 33,200	$ 47,155—$	13,955	$ 2,192,829	$ 3,420,539—$	1,227,710
Moncton	9,295	16,350—	7,055	704,765	1,201,673—	496,908
St. John	8,000	182,000—	174,000	574,500	1,035,000—	460,500
Sydney	13,685	5,770+	7,915	559,940	886,987—	326,997
Quebec—						
Montreal	554,938	672,900—	117,962	21,381,273	14,067,609+	7,313,664
Quebec	500,821	80,660+	420,161	3,693,397	2,301,480+	1,391,917
Sherbrooke	30,000	15,600+	14,400	752,900	3,265,538—	2,512,638
Westmount	37,650	92,280—	54,630	1,576,293	1,174,920+	401,373
Ontario—						
Brantford	57,930	5,230+	52,700	404,445	799,763—	395,318
Chatham	10,100	5,200+	4,900	369,092	436,634—	67,542
Port William	1,025	1,825—	800	913,050	1,045,160—	132,110
Galt	7,135	....+	7,135	501,771	291,760+	210,011
Guelph	13,100	4,200+	8,900	421,362	494,158—	72,796
Hamilton	138,400	192,550—	53,150	4,639,450	4,340,220+	299,230
Kingston	114,780	1,655+	113,125	668,334	494,736+	173,598
Kitchener	16,760	1,320+	15,440	932,050	1,238,002—	305,952
London	87,930	117,590—	29,660	2,527,510	2,146,305+	381,205
Ottawa	33,690	92,700—	59,010	2,687,238	3,355,662—	668,424
Peterborough	122,210	392,724—	270,514	541,754	989,700—	397,946
Port Arthur	621	4,755—	4,134	113,509	216,350—	102,841
Sarnia	44,540	18,830+	25,710	1,331,337	742,265+	589,072
St. Catharines	71,137	19,199+	51,938	776,360	830,632—	54,272
St. Thomas	5,850	....+	5,850	115,755	258,821—	143,066
Stratford	4,045	355+	3,690	276,089	440,782—	164,693
Toronto	1,117,083	2,100,490—	983,407	23,878,240	25,784,732—	1,906,492
Welland	9,175	4,045+	5,130	435,735	299,420+	136,315
Windsor	148,175	115,050+	33,125	5,123,130	4,850,310+	272,820
Woodstock	3,420	13,431—	10,011	114,598	290,928—	176,335
York Township	311,150	110,400+	200,750	8,101,100	4,312,350+	3,788,750
Total 29 E. cities	$ 3,506,845	$ 4,314,264—$	807,419	$86,307,801	$80,962,386+$	5,345,415
Western Cities						
Manitoba—						
Brandon	1,000	6,602—	5,602	747,985	412,829+	335,156
St. Boniface	3,830	13,625—	9,795	880,143	465,992—	85,849
Winnipeg	99,250	93,900+	5,350	5,580,400	8,370,150—	2,789,750
Alberta—						
Calgary	17,600	203,400—	185,800	2,298,800	2,806,100—	507,300
Edmonton	4,000	12,900—	8,900	1,563,696	3,392,055—	1,828,359
Lethbridge	44,275	[illegible],900+	34,375	213,650	252,090—	38,440
Medicine Hat	400	4,050—	8,650	90,190	61,731+	28,459
Saskatchewan—						
Moose Jaw	1,235	6,365—	5,130	500,177	1,533,095—	1,032,918
Prince Albert	6,900	2,000+	4,900	576,970	403,530+	173,440
Regina	14,175	43,800—	29,625	2,160,030	2,597,920—	437,890
Saskatoon	8,770	7,150+	1,620	774,660	1,150,585—	375,925
Weyburn	1,000	575+	425	102,530	2,377,041—	2,274,511
Yorkton	1,780	15,075—	13,295	191,075	418,195—	227,120
British Columbia—						
New Westminster	26,000	12,300+	13,700	264,890	296,015—	31,125
Vancouver	102,139	320,905—	218,766	3,045,132	3,709,873—	664,741
Victoria	190,484	505,360—	314,876	977,167	1,207,572—	230,405
Total 16 W. cities	$ 522,838	$ 1,257,907—$	735,069	$19,467,495	$29,454,773—$	9,987,278
Gr. total 45 cities	$ 4,029,683	$ 5,572,171—$	1,542,488	$105,775,296	$110,417,159—$	4,641,863

INSURANCE RATES UPON RESIDENCES REDUCED 15 P.C.

New Regulations Apply to Some 83 Municipalities In Ontario

RATE STILL TOO HIGH

In Comparison With Situation Across the Line—Home-Insurance Profitable—the Fire Hazard

Recent reductions in fire insurance rates on residences, authorized by the Canadian Fire Underwriters' Association, apply to some 83 cities and towns in Ontario. Tariff rates which have averaged around 58 cents per $100 for three years have been reduced by 15 per cent., and now stand at approximately 50 cents for those communities affected. Rates in other provinces of the Dominion have not been lowered.

Residential business has as a rule been most profitable for the insurance companies, and those centres which have up-to-date waterworks protection were the first to receive the benefit of the rate revision downward.

There is a general feeling that rates are not low enough yet in comparison with schedules on the other side. V. Evan Gray, superintendent of insurance, gave expression to this feeling that is more or less general in addressing the special committee engaged in the task of revising the Ontario Insurance Act. He presented statistics to show that Toronto and other centres in Ontario were paying more for insurance than Buffalo and municipalities in the Buffalo insurance districts. As against the old and new rate of 58 and 50 cents on first class residences in Toronto the rate in Buffalo was 38 cents. On the other classes of insurance the discrepancy was as great. Mr. Gray could find no reason for the difference in rates between the two centres declaring that so far as the conflagration hazard was concerned the advantage was with Toronto as compared with Buffalo, as the latter city had a greater proportion of frame dwellings.

Insurance companies, he added, which did business in both Ontario and New York state charged the high rate in Ontario, and yet gave the insured across the line the benefit of the lower rate.

Loss Rates Under Average

J. A. Robertson, secretary of the Canadian Fire Underwriters' Association, Toronto, said that there had been no pronounced agitation for lower rates. In fact the public seemed unconcerned over matters of fire insurance as the individual sums involved were not great. It was recognized, however, that as a special class residential risks were highly profitable for the insurance companies, the loss rates being well under the average, and a reduction in the rates on this class of risk was therefore in order, and those municipalities which had gone to the expense of maintaining up-to-date fire equipment were favored in the rate revision. Non-tariff rates were always substantially under tariff rates, Mr. Robertson added, and he had no doubt but that there would be a movement to maintain discrepancy. Other municipalities in Ontario could look for more lenient rates when they had properly complied with the requirements of the association in the matter of fire equipment,

And some of those municipalities which have installed fire-fighting apparatus are working against their own interest by a neglect of their equipment. The report of one of the association's inspectors upon the state of one municipality, which only was allowed the lower rate after debate, indicates how a municipality may err on the side of carelessness.

A Typical Case

Touching on the state of the water supplies and visible supplies of pumps in this particular centre of one of the small towns in Ontario, it is reported that storage capacity of the reservoir falls far short of requirements, and is capable of holding no more than 1½ hrs. of fire supply. The pump for fire purposes is belt driven which is not in accordance with standard requirements, and the capacity of the pump is 576,000 gallons per 24 hours which is nearly 50 per cent. short of the amount required for a single system. Then again the pump engineer has to attend to a miscellaneous set of duties, which renders his value as a fire fighting agent less effective. He attends at the pump house for a short period three times a day. His other duties include reading the water and electric meters, and attending the electric sub-station. On the whole his duties are too varied and take him too far

(Continued on page 15)

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HOLLINGER GROUP TO PROVE CLAIMS IN "PAS" DISTRICT

Diamond Drill Work and Sinking of Shaft to Proceed Shortly

RICH SURFACE GOLD

Several Syndicates at Work in Northern Manitoba—Hollinger Saving $1,000 a Day

From Our Own Correspondent

MONTREAL.—A good deal of interest is being shown in local financial circles over the discoveries of free gold, that is surface showings, in the district north of The Pas in Northern Manitoba. Several syndicates are being formed to develop claims that have been secured in this district. The general opinion of mining engineers so far who have examined the district appears to be that Northern Manitoba will turn out to have very little gold or very much. No medium condition seems to be expected.

Naturally interest centres around the activities of the Hollinger Syndicate, and the course that they take will be followed closely in the next few months. THE FINANCIAL POST is informed that this syndicate have decided to prove up the claims on which they have an option good until next fall, and for this purpose a gang of men is being sent in at the present time with 25 to 30 tons of provisions, a diamond drill and other machinery. This is done now before the break-up of spring which makes transportation there for a time impossible. The work will start very shortly in drilling and as early as conditions permit a shaft will be sunk. In addition men will be set to work to clear away the "over burden" to get down to the rock formation.

No Proof of Gold Yet at Depth

The real position simply is that there is no proof of gold existing at any depth, but the surface indications have been good enough to warrant the company making a thorough test, that is as far as any discoveries have gone up to the present time. When the drill has been at work and the shaft has been sunk a couple of hundred or more feet, then, and only then, will the operations give any definite proof as to the real value of this new-found camp. This will probably be some time in the early summer.

The Hollinger claims are in the Elbow Lake district and were staked out by Murray Bros., who disposed of them to Noah and L. H. Timmins and others. Whether the work will be carried on as part of the Hollinger Mine operations has not yet been decided or whether on the other hand a separate syndicate will be formed to develop these properties. The decision, however, on this point will be reached very shortly.

In connection with the Hollinger Mines in Porcupine a reduction of 6 cents an hour has been made in the pay of the men which works out at 48 cents per day. This is first cut in wages that has taken place in the Porcupine camp since these reached their high mark, and this is almost a year after the cut took place at the Cobalt camp. The cut of 6 cents an hour works out at a reduction in the cost of producing ore of about 25 cents a ton. The present production of the Hollinger Mines is some 4,000 tons a day so that the company is saving around $1,000 daily through the reduction in wages. It is proposed to bring the production up to about 6,000 tons a day if sufficient power can be secured, and this would mean a saving of about $1,500 in operating costs each day.

The power situation is becoming fairly acute in the Porcupine district as the Northern Canada Power Company is having difficulty, or will have when the spring season opens, of supplying power to fill the demand. The Hollinger Mines are not certain of being able to get sufficient power to increase their present production the 50 per cent. that is desired.

ONTARIO EQUITABLE LIFE

In the thirteen months from December 1, 1920, to December 31, 1921, the Ontario Equitable & Accident Insurance Co., with head office at Waterloo, has written a total of $725,558 of business. This is one of the newer insurance companies in Canada, and its record to date has been most satisfactory. During the month of December last alone a total of $924,369 of business was placed.

LONDON GUARANTEE APPOINTMENTS

The appointment of Lukis, Stewart Co., Ltd., as Montreal general agents of the North Empire Fire Insurance Co., a subsidiary of the London Guarantee & Accident Co., is announced. Thomas J. Irvine, formerly assistant secretary of the St. Lawrence and British Empire Fire Underwriters' Agency, has been appointed manager of the fire department of the London Guarantee & Accident Co.

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REDUCTION OF 11% IN COAL OUTPUT

Canada's Imports Exceed Production—Nova Scotia Leading Producer

Canada's coal output for the first nine months of 1921 amounted to 89 per cent. of that mined in 1920, and reached a total of 10.75 million short tons as compared with 12.08 million tons in the same period for 1920, and 9.15 million tons in 1919, according to a report on coal statistics prepared by S. J. Cook, chief of the Mining, Metallurgical and Chemical branch at Ottawa. In spite of this reduction of 11 per cent in output the coal situation in Canada at the end of the period was comparatively easy, owing to the fact that industry was still highly depressed, and factories running on part time only.

It is pointed out in the report that August was the only month of the year in which the total output of coal exceeded the amount raised during the corresponding month of the previous year. The output for August amounted to over 1.5 million tons, this being the highest monthly record since January, 1920, when 1.6 tons was mined.

In the nine months of 1921 Nova Scotia regained the premier position among the coal-producing provinces, leading with an output of 4,263,134 short tons, although this amount was only 90% of the quantity produced in that province during the same period in the preceding year. Alberta came second with a total of 4,022,615 short tons, of which slightly more than half was bituminous, the balance consisting principally of lignite, although 69,000 tons of anthracite was also produced. British Columbia was well over the two million mark for the period, and Saskatchewan came next with a little over 200,000 tons while New Brunswick mined 124,144 short tons.

Referring to the coal imports of Central Canada, which section of the country is mainly dependent upon the Pennsylvania coal fields, the report goes on to say that importations from the United States have kept up to the amount brought in during the past two years. In fact the imports of bituminous coal into the whole of Canada during the nine-month period amounted to 101 per cent. of the quantity imported in the same period of 1920, while the ratio of anthracite was only 95 per cent. The total imports of coal into Canada during the period ending September 30 last amounted to 13,726,921 short tons, of which 10,205,920 were bituminous, and 3,521,041 anthractie.

INSURANCE RATES REDUCED 15 PER CENT UPON RESIDENCES

(Continued from page 14)

from the pumping station. The condition of the hydrants inspected were generally bad. Two had split barrels and two could not be closed off and a number could not be opened with a hydrant key.

A description of the fire brigade follows, and an outline of its performance in action. The brigade consists of 13 men, all volunteers, while there should be 20, of whom two at least should be fully paid. Neither the chief nor the firemen have telephones in their dwellings. To a surprise fire call seven only responded, and there was marked want of order until the chief arrived and assumed command. He did not arrive until nineteen minutes after the alarm was sounded.

Such conditions as these, typical no doubt of many of the smaller towns, do not tend to reduce the fire hazard of the town or city in which they are allowed to exist. Money utilized in the most effective employment of the fire fighting apparatus will be well spent. Not only will the properties of the citizens be more amply protected but they may get the benefit of lower insurance rates as well.

Sugar and candy are out of favor because cheap. But within a year people may realize how the visible surplus of sugar has fooled them. There was probably more sugar in the world when it sold at thirty cents than now when raw sugar in Cuba is under two cents a pound.

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2nd—In the event of your death, no further deposits are required and the fund will be paid at the time selected.

3rd—All deposits will be returned with 3½ per cent. compound interest if the child should die, providing such a sum does not exceed the amount of the endowment, or, if desired, the benefits of the policy may be transferred to another child.

There are many other valuable features which will be explained in full on request.

Do Your Part Without Delay

The uncertainties of life call for immediate action. A yearly deposit which is very small in proportion to the Fund guaranteed enables you to make sure, absolutely, whether you live or die, that your Boy's future is assured.

Ask for Particulars.

Canada Life
Head Office
TORONTO
Canada

Home Office:
TORONTO

Canada Life Assurance Company,
Dear Sirs,—Without obligation on my part, you may send me particulars of your Vocational Endowment Plan.
Name..................................
Address..................................
Born.........day of.........19....
Age of Child..................................
Policy to mature at age..................................

12

BUILDING WAGES BEING REDUCED; CUT AT LONDON

No Serious Objection From the Workers is Anticipated

BENEFITS IN SIGHT

Typical Instance of How a Reduced Quotation on Bricks From American Firm Resulted in Activity

From Our Own Correspondent

LONDON—The decision of the men in the building trades here to make a reduction in wages of 15 per cent., effective February 1, is regarded by contractors, architects and supply men as the greatest step forward that has been made since the signing of the Armistice. Labor costs and the attitude of labor have been responsible all over the country for the holding back of a huge volume of construction work. Lack of co-operation between the men in the building trades is partially blamed for this. It is pointed out that in many instances the men in one or more trades were willing to consider reductions but the men in others would not agree, with the result that it was impossible to figure with any certainty. As a result of conditions during the past six months, and the plain talk heard at recent conferences, labor it is believed is willing to co-operate in getting things moving.

The following wage schedules were decided on for February 1, bricklayers 85 cents an hour, plumbers 85 cents an hour, carpenters 70 cents, lathers 70 cents, sheet metal workers, roofers, painters, electricians, 60 cents an hour, and a sliding scale for laborers from 40 to 55 cents. This is a general all round cut of fifteen cents an hour. There is of course the possibility that labor may not agree to a fifteen per cent. cut and that May 1, may see some troubles but nothing serious is looked for, great numbers of men having learned by bitter experience that a long busy season at fair wages is preferable to only part time work at war time wages.

Need Co-operation

An interesting sidelight on how easily the building situation can be accelerated or retarded was pointed out to THE FINANCIAL POST this week by a local architect. A prominent business man who had plans drawn for a handsome new home last summer refused to go ahead with the work on the ground that both labor and materials were far too high. Recently he has been securing prices again and was satisfied with the quotations on everything but bricks. The best price he could get for the grade of brick he wanted, laid down in London was $47 per thousand. He had just about decided to let things stand over again for an indefinite period when an American firm in Akron, Ohio, asked to be allowed to figure on the job. After allowing for exchange, freight rates, and hauling to the site they were able to give a quotation $6 per thousand cheaper than the best offer from Canadian firms and secured the order. The bricks are now on the way and the work will proceed in the spring.

"It is just these little things that make or break the building trade," said the architect. "If the firms handling materials would figure more closely and the carpenters, bricklayers and others cut even ten per cent. off their prices, there would be more building started than they could handle, and instead of having a few jobs they would have all the work they can handle right up to the end of the season and be money in pocket. I have any number of inquiries regarding building and it looks as if the season would be a good one, but it is just the really little things like the price of bricks, or a figure on plumbing, or carpenter work or something that seems unimportant, but really is, that sends the work ahead or keeps it back. I think it is up to the men in the building trades to get together and work together, and likewise the men handling supplies."

STEEL OUTPUT IS WELL MAINTAINED

Returns Reflect the Stability Looked for in Steel Trade

The favorable turn in the steel making industry for the month of October, as noted in a government report on the production of steel and iron in Canada was continued throughout November, although the principal activities reported were in the manufacture of steel ingots for further use in manufacturing processes. The production of pig iron in November was fairly well maintained, the total output of basic iron amounting to 41,232 long tons as compared with 42,356 tons in the preceding month. No electric iron was made in either October or November, but contracts awarded for the manufacture of rails kept two furnaces in operation at Sault Ste. Marie, and two more at Sydney, while the varied interests of the Steel Co. of Canada, permitted of the operation of one blast furnace in Hamilton.

While the output of pig iron and ferro-alloys in Canada during November was not up to the monthly average established for the year, the production reflected a little of the stability looked for in the iron trade and confirmed the opinion expressed in October that the output of iron would be well maintained throughout the closing months of the year.

The production of steel ingots and castings in November showed a decided improvement, the output rising from a high record of 72,204 long tons in October to a total of 75,039 long tons in the month just closed. Of the November output 73,806 tons were made by the producers for their own use mostly in the manufacture of steel rails. A small amount was produced for direct sale the total under this item being 1,233 long tons practically all of which was in the form of steel castings.

TRYING TO WORK OUT $20,000,000 DEAL IN POWER

Plan to Develop Carillon Rapids by U. S. Financing

From Our Own Correspondent

MONTREAL.—One of the biggest power deals in years would appear to be pending here. The reflection of negotiations which have been going on for some months past was seen in the sharp rise this week in Montreal Tram & Power stock. The plan that is reported is the development of the Carillon Rapids some forty miles out of Montreal to the extent of 100,000 h.p. at a final cost that is likely to run close to $20,000,000. Before the war a plan was developed which at that time would have meant an expenditure of about $10,000,000 but since then prices have more than doubled. There has been some talk of a big issue of bonds being made in New York to provide money for the development of this new power and closely connected with this is a proposal to form a merger of the Canadian Light & Power Company which supplies power to the Public Service Corporation which in turn is controlled by Montreal Tramways & Power Company. Montreal Tramways and Power also owns the controlling interest in Montreal Tramways Co., the street railway of this city.

It is known that negotiations have been proceeding with several New York financial houses with the object of combining the Carillon Power with Canadian Light & Power. The latter produces a portion of its energy by a steam plant which with the other developments would be shut down and held only as an auxiliary power plant. For some years whenever there was any movement to merge the Montreal Light, Heat & Power with the Public Service Corporation, which distributes power, progress was blocked by a clause in the charter of Canadian Light & Power forbidding it to sell out. This was eliminated last year and the strongest impediment to a merger either with the Carillon or Montreal Power removed.

It is understood that a portion of the bond issue, if the plans go through, will be offered in Canada but by far the largest part of the money will come from the United States, where Canadian Power projects stand in high regard.

One of the results of the progress of negotiations has been a rapid rise recently in Canadian Light & Power bonds. Owing to the absence of any detailed reports as to the earnings of the Canadian Light & Power Company or the Public Service Corporation or Montreal Tramways & Power Company, these Canadian Light & Power bonds were selling around 50 but during the past few days they have advanced on buying from New York sources until they reached a point of about 69 by the middle of the present week. The strength was due not so much to any idea that these bonds would be retired at par in the near future as to a feeling of confidence that the new deal, if it went through, would provide much better guarantee than the bonds have had in the past in the absence of annual financial statements.

CANADA BREAD

A persistent rumor is going the rounds in market circles of the imminent possibilities of a dividend declaration on Canada Bread common. Market prognosticators have even established the rate at 4 or 5 per cent. as a start-off. There is no official confirmation or otherwise of this rumor but there is no secret to the fact that the company is doing a very good business. Returns from the new Danforth avenue branch in Toronto are said to be most encouraging, as are the earnings of the Montreal branch. The common has moved up to 28¾ on the strength of these rumored prospects in a fairly heavy turnover.

EARLY REVIVAL NICKEL INDUSTRY NOT LOOKED FOR

Still Large Surplus of Finished Metal on Hand

OUTLOOK FOR FUTURE

Demand for Commercial Purposes Likely to Depend Largely on the Market for Monel Metal

From Our Own Correspondent

NEW YORK.—Those in close touch with the nickel industry here do not believe that there is any prospect of improvement occurring during the next six months. Business is now very poor indeed and it is believed that the surplus of metal on hand is so great that it will suffice to provide for any domestic demand that is likely to develop for many months to come. And not only is domestic demand provided for in this way but there seems to be little likelihood of any foreign demand developing for much the same reason. Large stocks of nickel have accumulated in most of the European markets—in the shape of surplus war stocks and export trade has as a result vanished entirely. Then the demand in Europe for nickel is as small as it is in the United States.

The International Nickel Company, as the largest producer of nickel in the world, has of course been hard hit by the depression, and has been forced to cut down operations at its New Jersey refineries and lay off a great many men. Thus the depression has not only forced the closing down of the plants of the International's subsidiary in Canada, at Sudbury and Port Colborne, but has reduced operations here to at least twenty-five per cent. of normal.

Little Demand

The expected demand for nickel for commercial purposes, did not develop after the war. All the refineries during the war naturally increased their capacities and were thus in a position to handle a greater volume of business after the war than they were before it broke out. It was expected that with the coming of peace new uses would be found for nickel which would enable the refiners to find an outlet for their increased production. And in the long run it is likely that this expectation will be realized. The refiners believe that the increased use in industry of monel metal will do much in the future to enable them to find a new outlet for their nickel. Monel metal is an alloy of nickel copper and other metals and is widely used on account of its wearing qualities in the manufacturing of bearings. It is non-corrosive and contains sixty seven per cent. nickel and twenty eight per cent. copper. The International Nickel Company has done much in the recent past to extend the use of this alloy and it is said they have much faith in its future. They believe that its non-rusting qualities will eventually cause it to be used for a great many purposes in all parts of the world.

Hope In Monel Metal

They even believe that the increased use of monel metal will enable the nickel industry to find an outlet for the surplus nickel which will accumulate if plans of the Washington Disarmament Conference become effective. About 70 per cent. of all nickel produced goes into nickel steel and thirty-five per cent. of all nickel steel goes into the manufacture of armour plate. If even only very partial naval disarmament becomes a fact a very important outlet for nickel will have been lost.

The immediate outlook for the industry as a whole however, is certainly not bright, because a market for monel metal in large quantities can only develop with a return of industrial activity. An encouraging sign, however, is that buyers are beginning to take more interest in the market than they have recently and orders while far from large in volume are increasing in number. The stocks of some large consumers of nickel are beginning to run low it is believed, and while in the next few weeks prices may go lower, it seems altogether likely that as a result of a growing demand a marked price recovery will take place within the year. The increased demand will in time cut down the surplus stocks in the hands of the refiners and no doubt enable them to again operate at least a few of their plants.

Dividends In Doubt

Continuation of International Nickel Co.'s quarterly preferred dividend of 1½ per cent. is in considerable doubt in the financial district. Directors meet Monday for their usual quarterly meeting, at which time action on preferred dividend is due.

In some quarters it is felt that the preferred stock, being non-cumulative, is not entitled to receive dividends when such payments would have to be made out of surplus earnings of previous years, because of lack of current profits.

ASSOCIATED GOLDFIELDS

Current Assets Total $682.620—Fixed Assets $21,130,806

A balance sheet issued by the Canadian Associated Goldfields Ltd., outlines the company's position for the fiscal year ending October 31 last. According to the statement the company's fixed assets are valued at $21,130,806, and include mining properties, placed at $20,985,398. Current assets, including cash on hand, $501,920, government bonds, $112,710 accounts receivable, $7,746, and inventories $60,620, reach a value of $682,620. Total assets are placed at $21,953,603.

The authorized capital of the company comprises 30,000,000 shares of $1.00 each, of which $21,934,096 is issued and fully paid. Current and accrued liabilities total $19,507.

MUST TAKE STEPS TO ASSURE FULL ACREAGE IN WEST

(Continued from page 1)

from rather than into industry, and therefore have the most depressing influence in this era of adjustment. And through the excessive super taxes, which penalize those whose income exceeds certain figures "as if they were sinners" until the point is reached where almost the whole is taken, a relatively large amount of capital which would ordinarily pass into productive employment, goes into the hands of the government and is used to defray public expenses.

Sir Edmund again urged the logical solution of the difficulty, a tax which would not impose a penalty on thrift. He advocated a sales tax on the sale of commodities and a rate of 1 per cent. Not only would such a tax relieve a large portion of the present burden upon the larger incomes, but through its universal application would produce a larger revenue for the government. At the rate suggested tax would not be of sufficient severity to cause any restraint of buying, and the original purchasing power of the public would be no longer curtailed through the severe drain imposed by the present forms of taxation. The war has imposed an excessive burden of debt upon the public, but this cannot be liquidated by the adoption of taxation policies which tend to the repression of industry, and the diversion of the flow of capital into unproductive uses.

Another important point in the economic situation was stressed by W. G. Gooderham, president of the Bank of Toronto, at the company's annual meeting. Mr. Gooderham emphasized the need of stabilization in the exchange situation in order that a basis coud be arranged upon which an interchange of commodities can take place, and make it possible for credits to be given to countries now absolutely unable to help themselves. As Mr. Gooderham pointed out this is one of the most vital requirements of the moment, as it is only by creating an opportunity for the countries of the world to import the raw materials so necessary to their production, and developing their own natural resources, making them available in the world's markets, would the interchange of commodities be naturally brought about, and large scale operations again resumed.

THE CANADIAN CONVERTERS' CO., LIMITED

DIVIDEND NOTICE

Notice is hereby given that a dividend of one and three-quarters per cent. (1¾%) has been declared on the Capital Stock of this Company for the quarter ending 31st January, 1922, payable 15th February, 1922, to shareholders of record at the close of business 31st January, 1922.

By order of the Board.
THOS. M. BARRINGTON,
Secretary-Treasurer.
Montreal, 10th January, 1922.

THE DOMINION BANK

NOTICE is hereby given that the Annual General Meeting of the Shareholders will be held at the Head Office of the Bank, in Toronto, on Wednesday, 25th January, 1922, at twelve o'clock noon.

By Order of the Board.
C. A. BOGERT,
General Manager.
Toronto, 18th November, 1921.

HOWARD SMITH PAPER MILLS LIMITED

DIVIDEND NOTICE

NOTICE is hereby given that a dividend of 2% on the Common Stock, and 2% on the Preferred Stock of The Howard Smith Paper Mills, Limited, has been declared for the quarter ending the 31st day of December, 1921, payable on the 20th day of January, 1922, to shareholders of record at the close of business on the 10th day of January, 1922.

By order of the Board.
HAROLD CRABTREE,
Secretary.
Montreal, December 28th. 1921.

Dominion Textile Company Limited.

A dividend of one and three-quarters per cent. (1¾%) on the Preferred Stock of the DOMINION TEXTILE COMPANY, LIMITED, has been declared for the quarter ending 31st December, 1921, payable January 16th, 1922, to shareholders of record January 3rd, 1922.

By order of the Board.
JAS. H. WEBB,
Secretary-Treasurer.
Montreal, 28th December, 1921.

DIVIDEND NUMBER 93

HOLLINGER CONSOLIDATED GOLD MINES LIMITED

("No Personal Liability")

A dividend of 1% on the paid-up capital stock of the Company has been declared payable on the 28th day of January, 1922, on which date cheques will be mailed to shareholders of record at the close of business on the 13th day of January, 1922.
Dated the 6th day of January, 1922.
D. A. DUNLAP,
Treasurer.

THE NATIONAL LIFE Assurance Company of Canada

Board of Directors

Albert J. Ralston, President and Managing Director; George W. Beardmore, First Vice-President; W. R. Hobbs, Second Vice-President; Dr. W. H. Merritt; Col. The Honorable Henry Cockshutt; George W. Gouinlock; A. H. Beaton; Hugh Blain; Hon. Rodolphe Lemieux, K.C., M.P.; E. M. Macdonald, K.C., M.P.

A Striking Statement of Progress

Assets	$ 5,720,303.92	Increase over 1920	$ 541,120.93
Reserves	4,781,767.00	Increase over 1920	483,309.00
Revenue	1,524,013.95	Increase over 1920	221,916.83
Business in force	34,503,479.00	Increase over 1920	3,697,089.00
Surplus (including Paid-Up Capital of $250,000)	528,271.22	Increase over 1920	62,190.30

MORTALITY EXPERIENCE 41% OF THE EXPECTED

Average rate of Interest earned on Investments 6.10%.

The Investments of the National Life continue to hold the very highest place as representative of bed-rock Security, and high Interest yield. The Government and Municipal Bonds which compose over 80 per cent. of the Assets of the Company, are taken in the 23rd Annual Report at $415, 072.00 **BELOW** par value,and this substantial amount will eventually come into the surplus of the Company as the Bonds mature.
On December 31st out of over 1,400 separate and distinct investments there was only one on which the interest was overdue and none on which the principal was in arrears.

National Life Chambers
Head Office TORONTO

"Permanent as the Pyramids"